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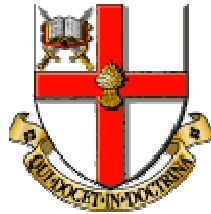
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University of  
Chester

***IF A SERVICE QUALITY MEASUREMENT QUESTIONNAIRE IS APPLIED  
ACROSS THE KEY STAGES OF THE CUSTOMER RELATIONSHIP LIFECYCLE,  
WOULD THE RESULTS PROVIDE AN INSIGHT INTO CURRENT DEFICIENCIES  
WITH EXISTING SERVICE QUALITY MEASUREMENT TOOLS?***

**KEVIN RILEY**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE  
UNIVERSITY OF CHESTER FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**CHESTER BUSINESS SCHOOL**

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## Abstract

Over the last three decades, researchers have been attempting to understand the dimensions associated with Service Quality and Customer Satisfaction. A conclusion is being drawn that improved Service Quality leads to greater customer retention and market share, therefore there are rich rewards for any service company that can adopt a strategic Customer Service philosophy in a cost effective manner. Many constructs have been developed in an attempt to derive a measure of Customer Satisfaction, but none to date have demonstrated a universal approach capable of coping with the nuances of all service typologies.

As the goal of improved Customer Satisfaction is to increase customer engagements and therefore profit for the adopting company, this dissertation deploys a Service Quality Measurement instrument across the stages of the Customer Relationship Lifecycle. There are few academic examples of research instruments being deployed in this manner however; many of the existing constructs contain elements of this conceptual model.

The research evaluates whether the stages of the Customer Relationship Lifecycle should be the starting point for service providers to build their own Service Quality customer surveys. It examines whether this process is an appropriate construct for service providers to evaluate how to capture customers, and then build the relationship through to successful and hopefully repeat transactions.

The researcher goes on to examine the data captured to establish whether there are issues associated with the profile of the customer which would influence the results of a Customer Satisfaction Survey and consequently provide insight as to potential reasons why existing Service Quality questionnaire constructs produce inconsistencies.

Finally, consideration is given to development of this conceptual model and its potential for understanding how Service Quality is influenced by different Service Typologies.

## Declaration

The work contained in this thesis has not previously been submitted for any reasons. To the best of the researcher's knowledge, the material in this thesis is original unless otherwise stated through referencing.

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Signature

Kevin Riley

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Date

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# Chapter 1

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# **1 Introduction**

## **1.1 Background To The Research**

Recruitment services have been forced to adapt substantially over the last few decades. Customers perceptions of value and service quality has been changed by the adoption of internet web based CV repositories, Social Networking sites and job board advertising giving the perception that positive recruitment outcomes can be easily and inexpensively achieved. Many Customers have taken candidate attraction in-house alleviating the reliance on external recruitment suppliers.

The Recruitment and Employment Confederation (REC) website claims over 7000 members with 578 registered in the niche professional sector of IT recruitment. The market is therefore saturated with potential suppliers attempting to demonstrate their differentiation and value propositions in order to gain or retain market share, maximise profit or at least operate in a mode of business survival.

Recruitment suppliers design their operational structures to operate in any number of the service typologies (as defined by Schmenner 1986) e.g. Service Factory (niche sector recruiters), Mass Service (volume suppliers), Service Shop (multi-discipline agencies), and Professional Service (such as Head Hunters or Executive search). They also position their service offerings at any point, and sometimes multiple points, along the volume-variety diagonal (Silvestro, 1999).

Many suppliers contend with the variety of service propositions expected by customers by building cross boundary service structures (such as Adecco, Manpower etc). Additionally, the variation in demand posed by economic conditions and customers' recruitment habits pose significant challenges for the recruitment industry Operations Managers (Slack *et al* 2009 pp 21-25).

Perhaps it's not surprising that there is a mismatch between customers' expectation of service quality and their service experience. In view of the variety of service typologies, suppliers

struggle to measure Service Quality in a manner that informs a continuous process improvement strategy (Parasuraman *et al* 1988, Brady *et al* 2001).

Companies can potentially increase profits by 100% by retaining just 5% more of their customers (Reichheld and Sasser, 1990). As such, the quest to improve service quality and operationalise service improvement along with a customer relationship management process will pay dividends to the adopting supplier.

Whilst there is a recognised need to build better customer relationships and even strategic partnerships (Gronroos 2007 pp 33), there is no consensus on an optimum framework for measuring Service Quality and thus providing a common structure for informing a process improvement programme in relation to Customer Relationship Management. Many previous studies focus on producing and validating general and contextualised models in a variety of service contexts. The main thrust seems to be:

- Developing a panacea of a single quality measurement construct that standardises quality measurement. (Parasuraman *et al* 1988, Brady *et al* 2001).
- Developing a standard measurement scale to quantify overall Service Quality perceptions in particular industries (Ho *et al* 2007, Collier J.E *et al* 2007)

Very few studies focus on what a Process Manager would view as a key reason for measuring Service Quality, i.e. providing an opportunity to review processes to improve service quality (Kuei *et al* (1997), Parasuraman (2004), Chen *et al* (2007)). However, there is recognition that a Service Quality questionnaire could be used as the input to a six sigma improvement process (Antony 2006).

According to the White Paper by Chan *et al* (2010) produced for Smart Services CRC, “various types of services continue to be measured idiosyncratically, on a type-by-type basis” due to the “lack of clarity on service models”. It goes on to conclude that this “undermines the confidence in each unique approach, impeding comparison of quality across services” compromising the potential for a common service quality standard. Perhaps it is this variety that necessitates a different approach for each service types. However it is also recognised within the White Paper that Service Typologies are equally difficult to quantify.

This study aims to understand the reasons why a single Service Quality measurement tool for all service typologies has proved difficult to develop. It focuses on the philosophy of the Service Quality Questionnaire design, building on existing theories to develop a generic design framework which could provide insight into the problems associated with Service Quality Measurement and Service Typologies.

Drawing on previous literatures to examine the differences and similarities of models such as SERVQUAL (Parasuraman *et al* 1988) and the Integrated, Hierarchical Model of Service Quality (Brady *et al* 2001), a model is developed which maps on to the processes defined within the multi-stage Customer Relationship Lifecycle (Based on Fisk 1981 and discussed in Gronroos (2007) pp 270 -272. The resultant model is then tested within the limitations of a specialist recruitment company to examine its validity as a Service Quality measurement instrument.

Additionally, the output from each process stage is combined with customer profiling information to evaluate whether the construct can inform the Customer Relationship Management Process.

## **1.2 Research Question**

If a Service Quality Measurement questionnaire is applied across the key stages of Customer Relationship Lifecycle, would the results provide an insight into current problems associated with Service Quality Measurement?

### **1.2.1 Aims**

1. Review existing Service Quality evaluation tools, with a view to mapping them to the operational processes they attempt to inform (Based on Fisk 1981).

2. Devise an appropriate instrument to conduct a Customer Service Quality measurement ensuring that each Customer Relationship process is appropriately represented.
3. Evaluate the effectiveness of such an approach to reveal Service Quality / Customer Satisfaction issues.
4. Examine the result of the survey with regard to customer typologies (including Customer Contact Role, Previous Buying Habits and Previous Supplier Relationships).
5. Examine whether the Customer Satisfaction Survey suggest necessary improvements within the Customer Relationship Lifecycle processes.

### **1.3 Justification For The Research**

The researcher has spent the last 20 years in the professional recruitment industry in companies targeting either new business from SME customers or large volume users through Key Account Management processes.

The research is inspired by the recent surveys conducted into Service Quality and Customer Expectations by Innergy in partnership with the Association of Professional Staffing Companies (APSCO, 2011) “Raising the Bar in the Recruitment Industry”, which outlined a need for recruitment suppliers to demonstrate better customer empathy and improve professionalism across the professional staffing sector.

A previous study by the Chartered Institute of Professional Development (CIPD) and the Recruitment and Employment Confederation (REC), 2008 examined the relationship between HR and Recruitment agencies and determined that there were numerous dimensions affecting Customer/Supplier relationship and that suppliers need to adapt to the needs of the differing customer organisations.



The Literature Review also revealed that whilst recruitment in general has received much attention in academic circles, Customer Satisfaction in the Recruitment Agency Industry has received limited research.

### **1.3.1 Using Recruitment As A Research Sector**

The researcher believes that the recruitment industry makes an excellent industry for further research into this subject, not least because of the industry call from regulating bodies such as REC and APSCO, but also because suppliers operate in a variety of service typologies. For instance, Head Hunters operate in the Professional Service Sector, the high street and industrial labourer service providers operate in the mass service sector and niche suppliers can operate in the Service Shop and Service Factory sector. Service design is moderated by the intangibles of individual boundary relationships whilst customer attitudes and expectations to recruitment service suppliers vary significantly depending on the degree of partnership. The expectations of the customer contact also vary depending on their role in the service experience (e.g. direct involvement such as Hiring Managers, in-direct involvement such as HR and Recruitment Administrators). The relationship may also experience some tension due to in-house recruiting staff who attempt to use agency suppliers as little as possible.

The saturation of suppliers within the recruitment sector and relative ease and low cost of customer's switching to new suppliers, dictates that managing customer relationships is key to producing long term customer profit.

This research aims to provide additional insight in to the relationships between Service Quality improvement strategies, their relationships with supplier typologies and customer factors that potentially influence the CRM process. The number of variables to explore within this industry sector adds to the body of knowledge within the Service Quality measurement research area.

## 1.4 Methodology

The researcher takes a Pragmatist approach to this project. The aim is to derive a framework for constructing a service quality measurement tool by combining contemporary Service Quality Measurement theory with the Customer Relationship Lifecycle Framework presented in Gronroos (2007) pp 269-270 and Palmer (2011) pp 161.

Whilst operating in the mode of discovery, it was hoped that this study would expose some of the problems associated with existing Service Quality Measurement frameworks. Also by applying the resulting questionnaire across the Customer Relationship Lifecycle, it was hoped that its results would provide insight to improve Customer Relationship Management.

Operating in the Functionalist Paradigm, believing that an order can be attributed to the complexities of customer relationships, the researcher's intent was to construct a Service Quality Measurement tool from existing theories and then apply the tool across a range of customer contacts taking note of Customer variables e.g.

- Customer role
- Volume of buying activity
- Relationship duration

Whilst, due to timescales, it was not possible to undertake a longitudinal study, the researcher attempts to review quasi-longitudinal results based on measures of customers at various stages in the customer/supplier relationship. Applying Qualitative and Inductive methods of data analysis in a Positivist perspective would reveal potential relationships that should be considered in Service Design or studied in further detail.

## **1.5 Outline Of The Dissertation**

**Chapter 1:** Introduces the background to the research, the problems associated with Service Quality Measurements and the method used to develop a concept of Service Quality questionnaire design.

**Chapter 2:** Reviews the literature to understand contemporary thinking in relationship to service quality measurement and its implications within a range of service environments. It primarily focuses on the SERVQUAL instrument and the problems experienced with measurement so far. It also attempts to link Service Quality issues with existing literature on Service Typologies and Customer Relationship Management.

**Chapter 3:** Conveys the methodology adopted and the research philosophy. It goes on to explain how the research instrument was developed and how the customer sample was selected. Ethical considerations taken into account during the administration of the instrument are also discussed.

**Chapter 4:** Presents the results and findings of the research, relating the findings to the original question and its aims.

**Chapter 5:** Discusses the conclusion and the implications to the findings in relation to the Literature review. It concludes by considering practical implications for Managers and potential follow-on research to improve understanding of the issues discussed.

## 1.6 Definitions

- SERVQUAL - A Service Quality Measurement instrument devised by Parasuraman *et al* (1988) based on gaps between customer expectations and expectations of perceived service
- SERVPERF – A Service Quality Measurement instrument devised by Cronin *et al* (1992) which measures perceptions of performance without gap analysis of expectations.
- CUSTOMER RELATIONSHIP LIFECYCLE – The cycles involved in developing and retaining a customer from Initial contact phase, through to Purchasing Phases, Consumption phases and Problem Resolution phases.
- RATER – Dimensions associated with the SERVQUAL instrument namely Reliability, Assurance, Tangibles, Empathy, Responsiveness
- Company X – The recruitment agency that allowed the researcher access to its customers to undertake a customer satisfaction survey.

## 1.7 Summary

This chapter discusses the background to the research, introducing the research question and its aims. It briefly introduces the document structure and the contents of the dissertation. This chapter precedes a review of the Literature associated with Service Quality Measurement instruments and their issues within a variety of service contexts.

## Chapter 2

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## **2 Literature Review**

### **2.1 Introduction**

This chapter discusses the difficulties in defining service quality in service typologies from an academic view. It reviews the importance for organisations to understand how customers perceive service quality and the links between service quality, customer satisfaction and business retention.

### **2.2 Importance Of Service Quality**

“Conceptualising quality for service is more complex than for goods. Understanding just what dimensions of quality are important to customers in their evaluation process can be more difficult than is usually the case with goods “(Palmer. A, 2011 pp285,)

Several studies confirm the link between a company’s attention to Service Quality and improved financial performance (e.g. Imrie *et al* 2002) and as a consequence, companies are encouraged to use Service Quality as a key competitive differentiator. Whilst companies may survive providing a “good enough” Quality of Service, for most, the objective to retain customers, encourage repurchase intentions and become financially successful, they must strive for high quality standards (Dabholkar *et al.* 2000).

Service Quality and Customer Satisfaction are interrelated. Parasuraman *et al*, 1985 and Cronin *et al*, 1992 have forged the majority view that Service Quality is the antecedent of Customer Satisfaction, whilst alternate views are presented by researchers such as Bitner *et al*, 1990. Customer Satisfaction leads to improved financial performance (Fornell *et al* 2006) and positive correlation towards Customer Loyalty (Hallowell, 1996, Ball *et al* 2006). However, satisfying customers is simply not enough and they may switch suppliers even when fully satisfied (Buttle *et al*, 2002), especially when switching costs are low. Lacobucci

*et al* (1995) argue that quality improvements must be based on customer needs in order to improve customer satisfaction, whilst suppliers must find a zone of tolerance which meets customer expectation without incurring excessive cost (Zeithaml *et al*, 1993).

Consequently, there is increasing academic focus on understanding a quality construct for the service industry. To understand the nature of the research issue, it is necessary to review previous research relating to Service Quality Measurement Instruments. Limited literature reviews of Customer Relationship Management and Service Classifications were also conducted to contextualise potential links to problems associated with Service Quality measurement tools.

### **2.2.1 Service Quality Measurement**

To date, there is no recognised consensus on a single classification of Service Quality. The variety of contextualised Instruments researched which attempt to standardise quality measurement demonstrate the complexity of deriving such an all-encompassing statement for service quality and a standard framework for measuring service quality. (Lehtinen *et al*, 1991, Ghobadian *et al* 1994, Johnson, 1995, Dabholkar *et al*, 1996, Bai *et al*, 2008, Santos, 2003, Wolfinbarger 2003, Barnes *et al* 2004, Lee 2005 Parasuraman *et al* 2005). The similarities and differences of these constructs and others are comprehensively discussed in Yap (2009).

Gronroos, (1982 and 1990), devised a Nordic construct advocating that service quality perceived by customers is a combination of functional quality (or interaction quality) and technical quality (service outcome). Rust *et al* (1994) added a third dimension of Service Environment.

Almost simultaneously, Parasuraman *et al* 1988 developed an alternate SERVQUAL model which measures customer's experiences within the five dimensions of *Reliability*, *Responsiveness*, *Assurance*, *Empathy* and *Tangibles*. This was an attempt to develop a standardised framework for capturing service quality irrespective of service industry and typology. As a consequence, SERVQUAL is an extensively researched model across a number of service industries and typologies with some success (e.g. Marinkovic *et al* 2011). However, the model normally has to be modified to contend with industry specific contextual

issues (e.g. Dabholkar *et al* 1996 for Retail) and there have been many inconsistencies (e.g. Rao *et al* 1997) which imply there are potential issues with the generality of the SERVQUAL tool, especially its dimensions, the timing of measurements or Service Typologies and contextualisation (Buttle *et al* 1996, Cronin *et al* 2002, Carman, 1990, Babukus *et al* 1992)

The dimensionality of Service Quality is a source of contention. Studies by Bebeko (2000) suggest that the tangibility associated with the service offering could be a means of classifying services. As Bebeko (2000) points out, expectations of Reliability, Assurance, Responsiveness and Empathy increase as intangibility of the process and outcome increase. Also perceived risk can be negated by the promise of Reliability. Chowdhary *et al* (2007) point out that generalisation of quality dimensions is not possible among all types of services. Chowdhary (2000) claimed that certain Service Quality dimensions demonstrate greater significance in certain service sectors. Empathy and Responsiveness were found to be more important for labour intensive industries whereas Tangibles and Reliability were found to be more important within Capital intensive services. Zeithaml *et al* (1990), report that Tangibles are consistently the least important. Zeithaml (1995) also points out that due to the absence of tangible attributes for services, the evaluation of service quality prior to consumption is difficult.

A model produced by Brady *et al* (2001) known as the Integrated, Hierarchical Model of Service Quality, built on the Gronroos (Nordic) model and incorporated some of the dimensional attributes of the Parasuraman (North American) model. This model recognises that service quality measurement process could itself be multi-dimensional and adopted three of the five SERVQUAL dimensions within its structure (Reliability, Responsiveness and Empathy). This blend of the Nordic and North American models captures many of the commonly used Service Quality measurement dimensions within a single construct (Yap, 2009).

A host of alternate models have been developed for application in a variety of service contexts which introduced dimensions deemed specific to an industry sector. A selection of these were summarised by Yap, 2009, who concluded there was a commonality in the dimensions measured albeit in a contextualised manner.



Dabholkar *et al* (2000) advocated a tool developed by Cronin *et al* (1992) known as SERVPERF. Whereas SERVQUAL measures the difference between Customer expectations of service and perceived performance, SERVPERF measures performance only. Customer expectations invariably are scored higher than existing experiences (Wall *et al* 1973). Cronin *et al* (1994) and Ennew *et al* (1993) suggest that the use of Performance-Importance maps could provide practical information for operations improvement. Rao *et al* (1997) argues that Importance measures rather than Expectations would be more polarised i.e. scored more positively or more negatively. Constructs that measure the gap between performance and expectation/importance continues to favour support as they provide an indication of operational issues to be addressed (Saravanan *et al* 2007).

Li *et al* (2002) concluded that SERVQUAL serves only as a meaningful conceptual framework for assessing Service Quality as modification of the Dimensions and Attributes are required for specific contexts. Jayasuriya (1999) concludes that the five dimensions of SERVQUAL do not adequately address all issues within different Typologies and a redefinition (or subjective reassignment) is required to contextualise the service context. In its operation, the underlying SERVQUAL questions are focused on the Service Delivery process and provide limited detail on the Customer perception of Service Outcome, which is an issue addressed by Cronin *et al* 1992, Buttle 1996 and Kang (2006). Kang *et al* (2004) suggested that the dimensions associated with SERVQUAL may not be adequate and supported the use of the Nordic “multi-dimensional” model, suggesting that the dimension of Image may be a mediating factor (especially in the early stages of consumption).

Another criticism of the SERVQUAL construct came from Dabholkar *et al* (2000) who classified the instrument as a Component Model. i.e. Service Quality is calculated as a summation of components rather than a collection of components that have influence on the others.

### 2.2.2 Staged Measures of Service Quality

The model developed by Santos (2003) for e-services examines whether there should be a “Before” service design and “After” launch element to Customer sampling to ensure satisfaction. Within research by Dean (2002) in call centres, there was a correlation to support that service quality is the outcome of internal organisational policies and the fundamentals of the service sequence that leads to customer value, satisfaction and loyalty (Cronin *et al*, 2000; Heskett *et al*, 1997; Storbacka *et al*, 1994; Zeithaml *et al*, 1996). This supports a theory that sequential processes involved in service consumption are influencers in the Customer Satisfaction process.

When developing a service quality construct for online shopping, Bauer *et al* (2006) took a transaction based approach and designed their measurements around four stages of engagement. Song *et al* (2009) developed a staged model adapted from SERVQUAL to be used when designing and introducing new services. In most service instances each encounter is different, implying there is scope to use a staged model for each customer engagement.

The issue of whether Service Quality perceptions are different for New Customers than for Long-Standing Customers was discussed by Dagger *et al* (2007) where there was evidence to suggest that customers evaluate services differently during engagement than after sustained periods of consumption. Their study concludes that Tangibles are significantly more important among novice customers.

Despite all criticism, the SERVQUAL Framework continues to be researched within a variety of service contexts, however it is evident that there is growing support for the multi-dimensional models and staged constructs (Yap 2009). In a contextualised manner, there appears to be a move towards staged constructs of Service Quality measurement which follows Relationship Management theory.

### 2.2.3 Customer Relationship Management

CRM is “The systems and processes used by an organization to integrate all sources of information about a customer so that the organisation can meet individual customers’ needs more effectively” (Palmer 2011, pp 210). Ensuring sale staff have access to valid customer profiling data that informs their sales process can potential substantially enhance their performance.

Customer value has emerged recently as a key area of research (Terho *et al* 2012) and the contribution of boundary relationships through sales and the ability to manage information to assist this value creating relationship is developing as an area of research concern (Haas *et al* 2012 ). Many companies have introduced CRM technology to manage customer relationships in an attempt to retain customers through increased satisfaction, however, research indicates that there is a high failure rate in CRM implementations ( Xu and Watson 2005; King *et al* 2008).

It is important for suppliers to structure their operation towards creating and delivering superior value if they are to improve their CRM performance (Dimitriadis *et al* 2008; Slater 1997). Demonstrating expertise and communication are key to creating value in the customer relationship, whilst personal relationships are key moderators to the service exchange outcome (Palmatier *et al* 2006). Measuring customer relationships and gathering longitudinal data on business-to-business relationships is problematic. Anderson, (1995) proposed that Quasi-longitudinal analysis is a possible solution, evaluating customer relationships at particular phases of their relationship lifecycle. Eggert *et al* (2006), use this technique to review value creation in the relationship lifecycle revealing that value is created in the customer’s sourcing process through service support and personal interactions and that the buyer–seller relationship is a dynamic phenomenon. Whilst core service offerings are not major factors in causing customer loyalty, suppliers need to search for new ways to differentiate themselves from competitors (Vandenbosch & Dawar, 2002). CRM is expected to increase opportunities for delivering information to customers whilst contributing to existing and new relationships (Dimitriadis 2008). Whilst the Service Quality measurement tools derived from SERVQUAL focus mainly on service delivery, the new relationship or sourcing stage is rarely tested.

Segmenting Customers to personalise service is also a key function of an analytical CRM tool. Customer segmentation enables the supplier to provide a more personalized and therefore attractive service offering to individual customer groups (Xu and Walton, 2005). Additionally it is important to recognise the relative amount of business that one customer might provide over another and the key service quality differences expected by the customer demographics (Stan *et al* 2007).

As discussed in Osarenkhoe *et al* (2007), the goal of a CRM must include four tactical strategies:

- Interaction: Collecting information relating to customer activities and interactions from all interfaces.
- Contact : Mapping and managing points of interaction between customer channels and the organisation
- Knowledge: Continuous learning through the collection and analysis of information on customers, products, channels, markets and competitors
- Relating: The ability to create relevant interaction with customers, channels which provide opportunities for value creating relationships.

It would follow that the Service Quality measurement instrument needs to inform these strategies.

#### **2.2.4 Service Classifications**

Service Classifications attempt to identify commonalities within diverse service operations (Lovelock, 1983, Sampson & Froehle, 2006). Schmenner (1986) plotted services along axes of extent of customisation versus extent of customer contact. This resulted in four quadrants of:

- Mass Service (Low Customisation , High Customer Contact)
- Service Factory (Low Customisation, Low Customer Contact)
- Job Shop (High Customisation, Low Customer Contact)
- Professional Service ( High Customisation, Low Customer Contact)

Silvestro *et al*, (1992) suggested that there were three main service process types. Based on research from a small selection of service organisations, their dimensions correlated with volume of customer's processed per unit per day, similar to production volumes.

- *Professional Service* : organisations with relatively few transaction, high customised process oriented, with relatively long contact time, with most value address in the front office where considerable judgement is applied in meeting customer needs
- *Mass Service*: organisations where there are many customer transactions, involving limited contact time and little customisation. The offering is predominately product-oriented with most value being added in the back office and little judgement applied by the front office staff.
- *Service Shop*: Categorisation which falls between professional and mass service with the levels of classification dimensions falling between the other two extremes.

In the Recruitment Sector, Fish *et al* (2004) differentiate between customers wanting Executive search service and Advertised Recruitment services noting that Customers value service attributes differently. Gallagher *et al* (2007) postulate that Recruitment services are splitting into two distinct models:

Highly Personalised Service – Highly skilled Roles

More Standardised Services – For Low-skilled Jobs

Shafiti *et al* (2007) point out that that there is no simple framework for service classification as current models suffer from over simplicity in an attempt to contend with variety or over complexity making them difficult to interpret. Edvardsson's (2005) discussion on service categorisations conclude that there is still much research to be done as companies aim to be value creating from the perspective of the Customer.

## 2.3 Previous Recruitment Agency Research

Limited research has been conducted on the antecedents and dimensions that contribute to Customer Satisfaction within the Recruitment Agency industry. Fish and Macklin (2004) compared the Customer expectations within Executive Search firms and Advertised Recruitment Agencies. Common factors in both typologies were found to be:

- Wide Market Access
- Understanding of the Customer Organisation
- Quality of Candidate Database
- Communication skills
- Understanding of Customer Candidate requirement

The researchers recognised that the phrasing of these factors was loose and whilst technology in recruitment services has moderated the way Customers engage with agencies (Juusola 2010), it appears that the key factors discussed by Fish *et al* 2004 are still current and would map into a contextualised SERVQUAL framework.

The most recent research identified was Elvira and Sabina (2012). They selected three different agencies operating in different market sectors and evaluated how their processes met their customer's expectations. The researchers focus on the suppliers methods for contending with perceptions of the Intangibility and heterogeneity of their markets. Whilst the dimensions discussed also map roughly into the SERVQUAL framework, their preferred research methodology adopts a Qualitative approach rather than a SERVQUAL style questionnaire. The researchers refer to Svensson (2004), who claimed that a Quantitative process does not lend itself to the interactive environment of Service Quality in Service Encounters. Svensson (2004) also states that factors associated with Service Quality are based on the interpretations of the different actors in the service encounter.

## 2.4 Conceptual Model

In order to produce an appropriate instrument to gain a more complete understanding for operations managers to affect sequential process improvement, it was decided to test a Customer Satisfaction survey that could be applied across each of discrete processes involved in the Customer Relationship Lifecycle.

The SERVQUAL RATER dimensions and questions were mapped in to each process stage and if relevant, were contextualised and included within the resultant questionnaire (Figure 2.1)

	CUSTOMER RELATIONSHIP LIFECYCLE STAGES									
	ENGAGEMENT		UNDERSTANDING OF REQUIREMENT		SERVICE DELIVERY		DELIVERY OUTCOME		PROBLEM RESOLUTION	
SERVQUAL	RELIABILITY		RELIABILITY		RELIABILITY		RELIABILITY		RELIABILITY	
	RESPONSIVENESS		RESPONSIVENESS		RESPONSIVENESS		RESPONSIVENESS		RESPONSIVENESS	
	ASSURANCE	➡	ASSURANCE	➡	ASSURANCE	➡	ASSURANCE	➡	ASSURANCE	
	EMPATHY		EMPATHY		EMPATHY		EMPATHY		EMPATHY	
	TANGIBLES		TANGIBLES		TANGIBLES		TANGIBLES		TANGIBLES	

Figure 2.1: Conceptual model

By evaluating Customers perceptions of quality experienced at discrete stages along the Customer Relationship Cycle, it is hoped that suppliers may identify process improvements to increase the chances of progressing customers to a successful transaction.

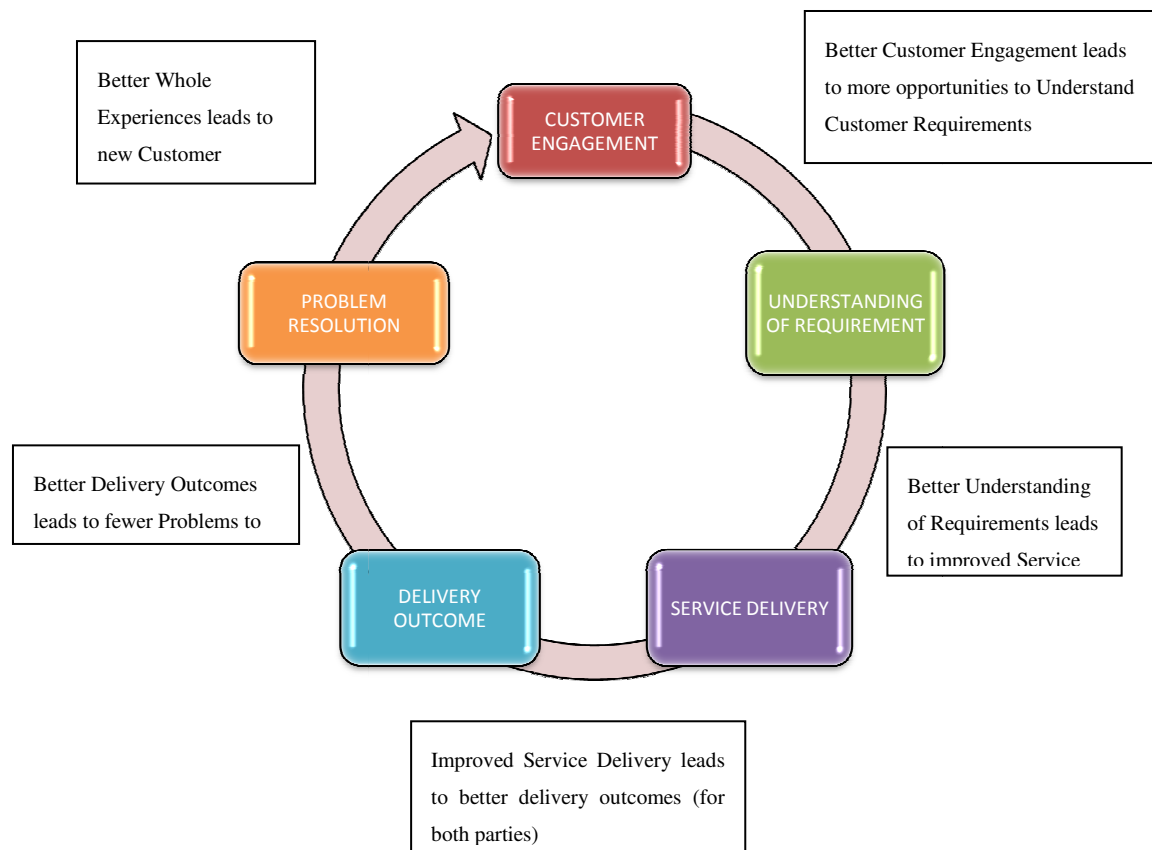


Figure 2.2: Potential Outcome of Conceptual Model



## Chapter 3

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### **3 Methodology**

This chapter analyses the research philosophy and principles adopted for the research design and the creation and design of the research instrument. A discussion on the ethical considerations taken into account when undertaking the research follows a section which discusses how the results have been collated and analysed.

#### **3.1 Research Philosophy**

The researcher adopts a philosophy that is predominately Realism, but has elements of Interpretivism.

Many MBA dissertations adopt the philosophy of positivism, especially when using a pre-coded questionnaire as a research instrument. Fisher (2010: pp50) claims that realism and positivism are often argued to be the same thing. Whilst the philosophy of positivism deals with an environment of observable social reality with the belief that the end product will produce a law-like generalisation (Saunders *et al* pp 113), the realist tends to believe that the “knowledge acquired can give a good indication of what should be done” Fisher (pp50). For this study, it is not expected that this conceptual model will produce a single solution for customer satisfaction surveys but may lead to a framework for developing surveys depending on the service sector and a better understanding of how to optimise an approach to a variety of customer types throughout a service engagements.

An inductive approach, usually adopting an interpretivism philosophy is employed when designing the survey. Saunders *et al* (2009) pp116 states that interpretivism “advocates that it is necessary for the researcher to understand differences between humans in our role as social actors”. This study takes into account that satisfaction may depend on the social interaction of individuals depending on the length of their customer relationships or their role in the service transaction.

With such a mix of philosophical stances, it could be argued that the overall philosophy of the researcher is Pragmatist. A Pragmatist studies a topic of interest to them that will bring

about “positive consequences within their value system“, Tashakkori and Teddlie (1998). They go on to argue that Pragmatism is a paradigm for using mixed methods. The researcher is studying a topic of professional interest and it is hoped that the results bring about a practical change in the thinking about the topic. The research starts by examining how previous conceptual frameworks map into a practical application for Customer Satisfaction Surveys and goes on to test the new framework in an attempt to evaluate the practical implications of such a framework. The approach is both Deductive and Inductive as defined below.

### **3.2 Research Approach**

Previous studies on Service Quality have centred predominately on SERVQUAL (Parasuraman 1988), SERVPERF (Cronin *et al* 1992) or the Integrated, Hierarchical Model of Service Quality (Brady and Cronin, 2001). In general, all require modification to contend with industry context.

The study is designed to:

- Construct a practical framework for developing Customer Satisfaction Surveys which provides input to the service process design and CRM functions.
- Identify and explain some the issues that have manifested irregularities in previous standardised Customer Satisfaction Surveys.

#### **3.2.1 Stage 1: Inductive Approach**

The Conceptual Model was devised prior to the Literature Review from a basic knowledge of SERVQUAL and intuitive reasoning relating to the sequential processing of Customer enquiries through to successful service delivery.

#### **3.2.2 Stage 2: Deductive Approach – Questionnaire Design.**

Following the literature review, the researcher has taken a structured approach to designing a SERVQUAL style questionnaire, which retains the integrity of the original SERVQUAL construct and expands it across the Customer Relationship Lifecycle stages. A Survey is

usually associated with the deductive approach and tends to be used for exploratory and descriptive research (Saunders *et al*, 2009: pp144).

The original SERVQUAL questionnaire consisted of 22 questions, which covered the five RATER values. In attempting to produce a similar questionnaire to extend evaluation in each of the 5 Customer Relationship Lifecycle stages, there was potential for over 100 questions. Saunders *et al* (2009) pp 144, warn that questions should be limited to maintain the good will of the respondents.

### **3.2.3 Stage 3: Deductive Approach – Results Analysis**

In order to assess the effectiveness of the conceptual model, the new framework is put into practice within a live scenario. The questionnaire results were compared with SERVQUAL results in an attempt to explain why previously proposed constructs may have produced indifferent results or proved useful in predefined contexts.

Using associated profiling data, an examination of the data from various respondent profiles was conducted to establish potential relationships for future research.

## **3.3 Target respondents**

A survey was an appropriate tool as it allowed comparison with the existing SERVQUAL tool and offered the opportunity to gain a wide audience. An SME Recruitment Company, “Company X”, presented the opportunity to conduct a Service Quality survey conforming to the conceptual model as it was in the process of designing a survey in preparation for ISO:9001 accreditation. This enabled a live sample to be surveyed using their customer contact data. Company X agreed that to conduct an email campaign to a relevant set of customer contacts. Many of their key customer contacts had “unsubscribed” from generic

email campaigns therefore three lists were compiled which contained appropriate customers as follows:

List	List criteria	Number of target contacts
1	Contacts that had not unsubscribed from email campaigns and had bought services within the past 24 months that	2473
2	Contacts that had not unsubscribed from email campaigns, had logged requests for service within the last 24 months, but had not concluded a service transaction.	1088
3	Customers that did not appear in list 1 or 2, but the staff of the Recruitment firm recommended as they believed they would participate in such a process. These may have unsubscribed from email campaign, so personalised approaches would be made.	72

Table 3.1: Criteria and number of target customer contacts to be surveyed.

### 3.4 Survey Design

The 22 question SERVQUAL survey was designed by Parasuraman *et al* 1988 as a generic tool to measure service quality in a range of service industries. In Parasuraman *et al*'s paper in 1993, they conceded that the questions could be modified to suit the industry where necessary, stating that the original questions are the basic skeleton underlying service quality which can be supplemented with industry specific items.

Using this principle, a grid was created using the SERVQUAL questions on one axis and the five stages of the Customer Relationship Lifecycle process on the other. An "x" was placed

in all the grid locations that were deemed relevant to the recruitment industry. Three members of the Recruitment Company's sales staff were asked to validate these selections. The resultant table is shown in TABLE 3.1

As there were 54 potential questions and therefore too many to administer, colleagues set about contextualising and prioritising questions to ask.

ATTRIBUTE	PARASURAMAN  SERVQUAL QUESTIONS	CUSTOMER RELATIONSHIP LIFECYCLE STAGES				
		Engagement	Understanding	Delivery Process	Delivery Output	Problem Resolution
RELIABILITY	Providing service as promised				x	
	Dependability in handling customer's service problems					x
	Performing Service Right First Time				x	
	Providing services at the promised time				x	
	Maintaining error free records				x	x
RESPONSIVENESS	Keeping Customers informed	x		x		x
	Prompt Service to Customers			x		
	Willingness to help customers	x	x	x		
	Readiness to respond to customer requests			x		
ASSURANCE	Employees who instil confidence in customers.	x	x	x	x	x
	Making Customers feel safe in their transactions	x	x	x	x	
	Employees who are consistently courteous	x	x	x		x
	Employees who have knowledge to answer customer questions	x	x	x		
EMPATHY	Giving Customers individual attention?	x	x	x		x
	Employees who deal with customers in a caring fashion	x	x	x		x
	Having the customers best interest at heart	x	x	x		x
	Employees who understand the needs of the customer	x	x	x		
	Convenient Business hours			x		
TANGIBLE	Modern Equipment	x		x	x	
	Visually appealing facilities	x				
	Employees who have a neat, professional appearance	x		x		
	Visually appealing materials associated with the service	x			x	

TABLE 3.2: Parasuraman's questions as deemed relevant to the Customer Relationship Lifecycle Stages

### 3.5 Use of Secondary data

Recent reports by the Innergy –APSCO (2011), CIPD- REC (2008) and survey results reported by the IT recruitment firm Nicoll Curtin printed in the magazine “Recruiter” 2012 provides some indication of where quality issues may occur. The Nicoll Curtin survey is pertinent as they operate in the same industry sector as Company X. The issues raised and how they mapped into the Conceptual model is presented in Appendix A.

### 3.6 Production of Contextualised Questions

Contextual questions were developed with a selection of Company X staff. The questions were mapped on to the Conceptual Model ensuring that SERVQUAL questions, the main quality issues indicated in the Innergy-APSCO (2011) report, the CIPD-REC (2008) report and the Recruiter (2012) - Nicoll Curtin Survey results were all covered. The final questions and their mapping to Secondary Data issues are included in Appendix B.

All SERVQUAL questions were represented apart from Question 20:- “Visually appealing facilities” and Question 21:- “Employees who have a neat, professional appearance”, as Company X predominately conducts its services over the phone.

The questions were constructed in sections that related to the Customer Relationship Lifecycle Stage using a 9 point likert scale (where 1 = Low and 9 = High). Each question was given three sub-ratings

- How important is this to me?
- How well do I think the recruitment Industry suppliers deliver this?
- How well do I think “Company X” delivers this?

The Importance rating had been suggested as an improvement by Cronin *et al* (1994) and it was felt that if operational credence were to be given to the results of the survey, the Importance rating should be included.

The value of Gap analysis had also been debated (Babakus *et al* 1992). In many questionnaires, the gaps measured, related to the dis-conformance to the expected service level. However, the expected service always tended towards the High end of the scale. In this recruitment industry case, there is an abundance of competitors to make a comparison with, therefore it was deemed appropriate to measure the gap between:

$$\begin{array}{cc} \text{Perception of "Company X"} & - & \text{General Perception of} \\ \text{Performance} & & \text{Industry Performance} \end{array}$$

In order to give the Customer an opportunity to provide their own feedback and allow some qualitative research on the customer's requirements of each stage, a Free Text question was asked at the end of each section.

Whilst this questionnaire was designed to gain an insight into the operational issues for each Customer Relationship Lifecycle process, profiling questions were included to ensure other dependant variables could be assessed. These were:

Perceptions of Customer satisfaction are influenced by:

Gender

- Palmer et al (1995)
- Ndubusi (2006)

Length of customer relationship [Company / personal]

- Palmatier *et al* (2006)
- Haas (2012)
- Dagger *et al* (2007)
- Eggert et al (2006)

Role of person surveyed

- Svensson (2004),
- Miller-Heiman (2011)

Volume of units bought

- Schmenner (1986)
- Silvestro (1999)



### 3.7 Implementation

The full questionnaire was constructed using SurveyMonkey.com and can be found at Appendix E.

A pilot was conducted with 3 members of Company X staff. Once ready, each list of customers was scheduled for an email campaign to be issued at various times over a separate 4 day period to capture a balanced response. The click through and completion rate was monitored. A follow up email was sent to those that had not clicked through. This was scheduled two weeks later over a different period of 4 days.

Response rates were expected to be low

Customer Lists	Contacts	Started	Completed	Usable Questionnaires
Campaign 1 – List 1 (Customers who had Requirements but had not recruited staff via Company X in the past 24 months)	2473	13	10	8
Campaign 2 – List 2 (Customers who had recruited staff via Company X within the past 24 months)	1088	12	9	8
Campaign 3 List 1 & 2 follow-up		10	10	7
Campaign 4 – List 3 Recommended contacts	72	15	12	11
<b>TOTALS</b>	<b>3633</b>	<b>50</b>	<b>41</b>	<b>34</b>

Table: 3.3: Questionnaire Response Numbers

As expected, the highest rate of response was from customers recommended by staff who might also be expected to provide favourable responses. The selection of customers that were not recommended by staff would keep the survey balanced.

### **3.8 Ethical Issues**

The questionnaire was distributed by the reputable survey website “surveymonkey.com” along with an email explaining the reasons for the survey and the context in which the data would be used. Using a web-based questionnaire ensured that respondent comments were confidential and anonymous, despite Company X’s desire to match comments to customers. Saunders *et al* (2009, pp193-194) stress that the researcher is ethically responsible for protecting the details and identity of individual respondents. Additionally, the questionnaire would remove any subjectivity and influence the researcher could apply to responses.

## Chapter 4

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## **4 Findings and Analysis**

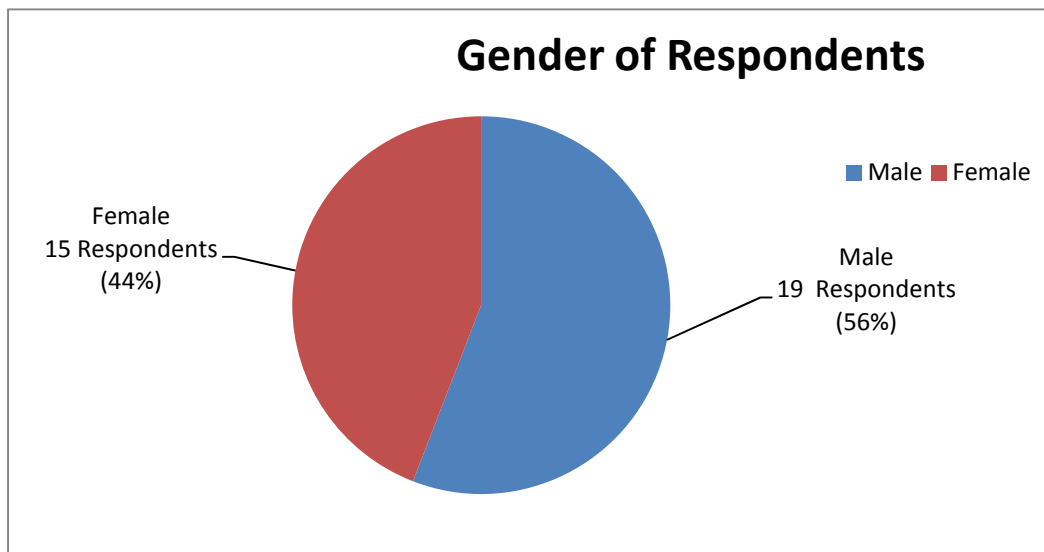
### **4.1 Introduction**

This chapter presents the results from the questionnaire and demonstrates the relationship between the variables studied. Initially, the sample population was analysed to understand the demographic of respondents. The results were analysed to establish differences between SERVQUAL results and Conceptual Model results. An analysis of how the results were impacted by the Customer Relationship Lifecycle stages preceded further data analysis relating to Customer Profiling data. Finally, qualitative data was briefly analysed to validate the quantitative results and supplement the findings.

### **4.2 Sample Population Data Analysis**

In total, 34 usable questionnaires were completed, giving a representative sample set to analyse. However, any subcategory studied would not provide a statistically representation as a minimum of 30 respondents for each demographic would be required (Saunders *et al*, 2009, pp 218). Nevertheless, data has been analysed at this level to provide an indication of probable relationships requiring further research.

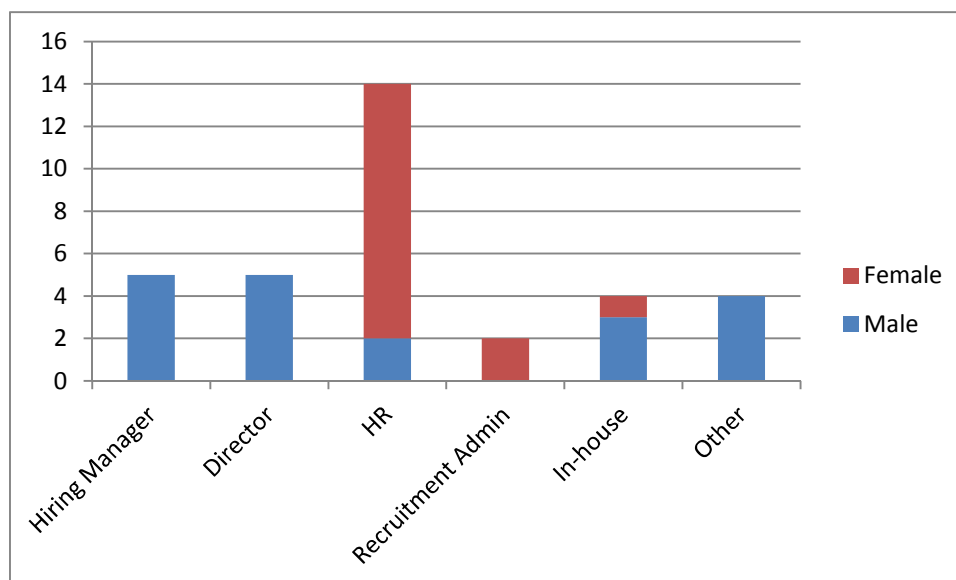
#### 4.2.1 Respondents according to gender:



Graph 4.1: Respondents according to Gender

Graph 4.1 indicates that there were 19 Male respondents and 15 Female respondents. Male respondents are slightly over represented in this sample.

#### 4.2.2 Respondents according to Job Role:



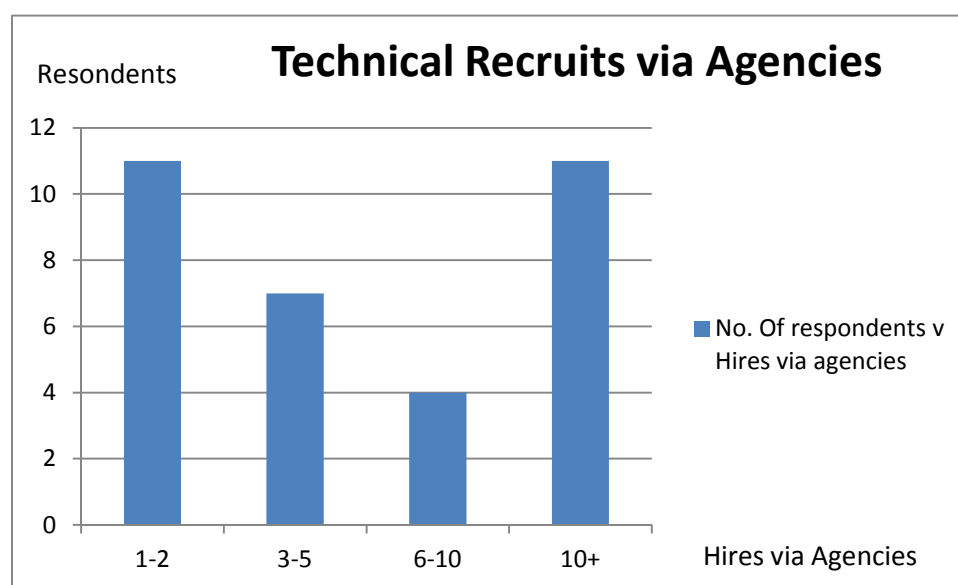
Graph 4.2: Respondents according to Job Role

Graph 4.2 shows the distribution of how respondents described their own role. To simplify analysis, categories were combined into two sets. Directors (5 respondents) and Managers (5

respondents) were combined as they have a direct involvement in hiring of staff. Respondents in the HR (14 Respondents) and Recruitment Administration functions (2 Respondents) were been combined as they are deemed to have an indirect involvement in the hiring process. In-house respondents were included separately. The “Other” category was ignored for analysis. The in-house category (4 Respondents) was deemed interesting as their role is to minimise the use of agency services and use agencies for positions that prove difficult to fill through direct sourcing methods.

No respondents in the Director or Hiring Manager Category were Female, whereas 14 of the 16 respondents in the HR and Recruitment Administration categories were Female.

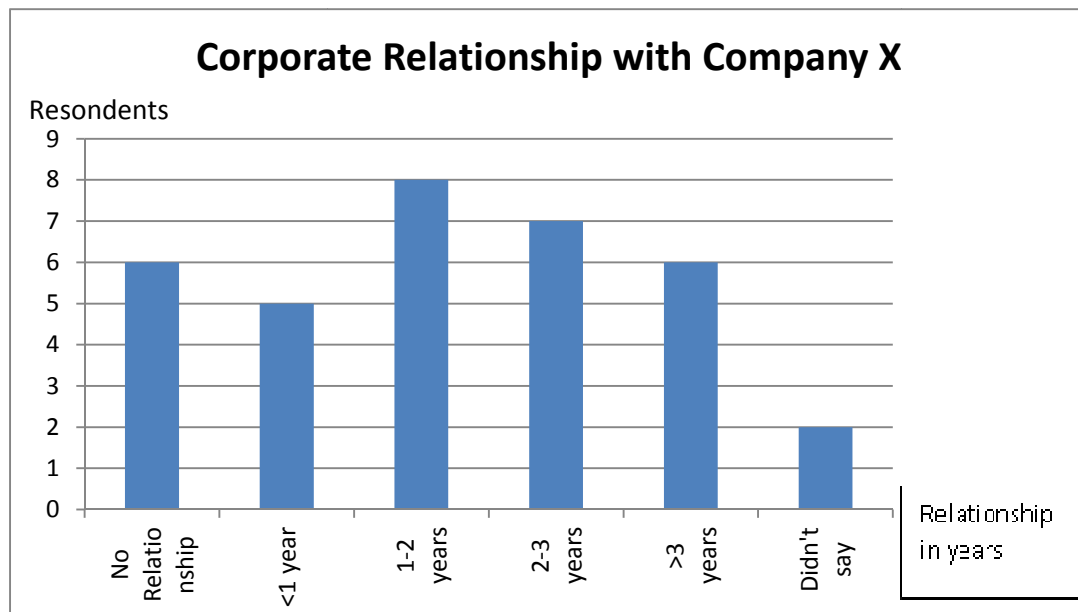
### 4.2.3 Hiring Volume:



Graph 4.3: Number of Technical Recruits hired per year

Graph 4.3 demonstrates the distribution of respondents by the number of technical recruits they generally hire via agencies per year. To simplify analysis, the Respondents that bought up to 5 hires per year were deemed Low Volume and respondents that hired 6 or more technical recruits per year were categorised as Higher Volume technical recruiters.

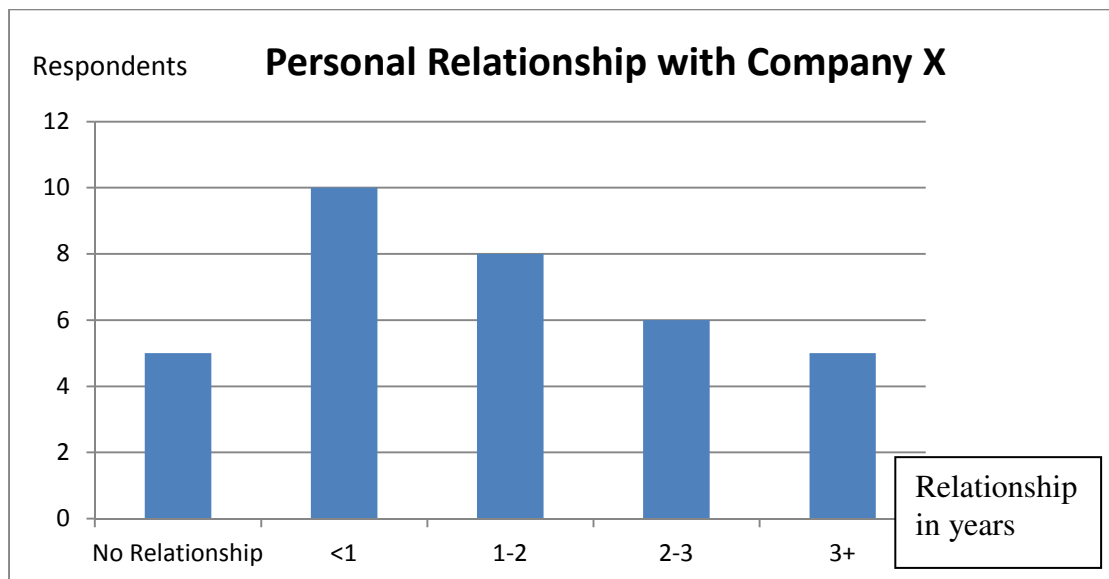
#### 4.2.4 Length of Corporate Relationship



Graph 4.4: Respondents length of corporate relationship with Company X

Graph 4.4 indicates how the respondents considered their company's corporate relationship with Company X. 6 respondents considered that they had no corporate relationship, 5 respondents considered that they had less than 1 year relationship, 8 respondents claimed between 1 and 2 years, 7 respondents had between 2 and 3 year relationship and 6 respondents had greater than 3 years corporate relationship. The rest didn't say. For analysis, the data was split into Long Relationship = >2 year and Short Relationship = up to 2 years.

#### 4.2.5 Length of Personal Relationship



Graph 4.5: Respondents length of personal relationship with Company X

Graph 4.5 shows that the 5 respondents claimed to have no relationship with Company X, 10 respondents had less than 1 year, 8 had between 1 & 2 years, 6 had between 2 & 3 years and 5 had 3+ years relationship. The rest didn't say. For analysis, the data was categorised into two groups: <1 year and 1+ years.



### 4.3 Results from contextualised SERVQUAL questions.

Table 4.1 show the average importance results for the contextualised SERVQUAL questions.

	Original PARASURAMAN QUESTION	Attribute	CONTEXT QUESTION	Average Importance
1	Providing service as promised	Reliability	My supplier always delivers what they promise	7.97
2	Dependability in handling customer's service problems	Reliability	My suppliers are dependable in handling any problems that occur	7.71
3	Performing Service Right First Time	Reliability	My supplier's selection of candidates is appropriate at the first time of asking	7.65
4	Providing services at the promised time	Reliability	My suppliers consistently meet my hiring schedule	7.76
5	Maintaining error free records	Reliability	My suppliers maintain accurate records of all transactions	7.12
6	Keeping Customers informed	Responsiveness	My Suppliers keep me well informed throughout the recruitment process	7.82
7	Prompt Service to Customers	Responsiveness	My suppliers identify appropriate candidates promptly	7.56
8	Willingness to help customers	Responsiveness	My supplier demonstrates a willingness to help throughout the delivery process	7.44
9	Readiness to respond to customer requests	Responsiveness	My supplier demonstrates a readiness to respond to new process requests	7.50
10	Employees who instil confidence in customers.	Assurance	My supplier's employees instil confidence throughout the recruitment process	7.62
11	Making Customers feel safe in their transactions	Assurance	My suppliers vet candidates sufficiently	8.26
12	Employees who are consistently courteous	Assurance	Suppliers are selected based on their respectful and tactful approach.	7.62
13	Employees who have knowledge to answer customer questions	Assurance	Suppliers are selected as they have consultants that demonstrate a good knowledge of my technical specifications	7.97

14	Giving Customers individual attention	Empathy	My Supplier accommodates my individual requirements and schedule when delivering services	7.79
15	Employees who deal with customers in a caring fashion	Empathy	My supplier accommodates my company's processes when delivering services	7.88
16	Having the customers best interest at heart	Empathy	My supplier always has my best interests at heart	7.88
17	Employees who understand the needs of the customer	Empathy	My Suppliers take the time to understand my business needs	8.24
18	Convenient Business hours	Empathy	My supplier is always available when I need them	7.00
19	Modern Equipment	Tangible	My Supplier has an excellent database/network of appropriate candidates	7.62
22	Visually appealing materials associated with the service	Tangible	My Supplier provides CV's that are easy to read	7.68

Table 4.1: Translation of SERVQUAL questions and the average Importance score

Table 4.2 shows these results arranged in order of highest average importance. This shows that customers most require suppliers to “vet candidates sufficiently” demonstrating that the customer wants the supplier to save them time in the recruitment process. Also of importance is “Taking the time to understand the Business Requirement”, “Delivering what they promise” and “Understanding the technical specification”.

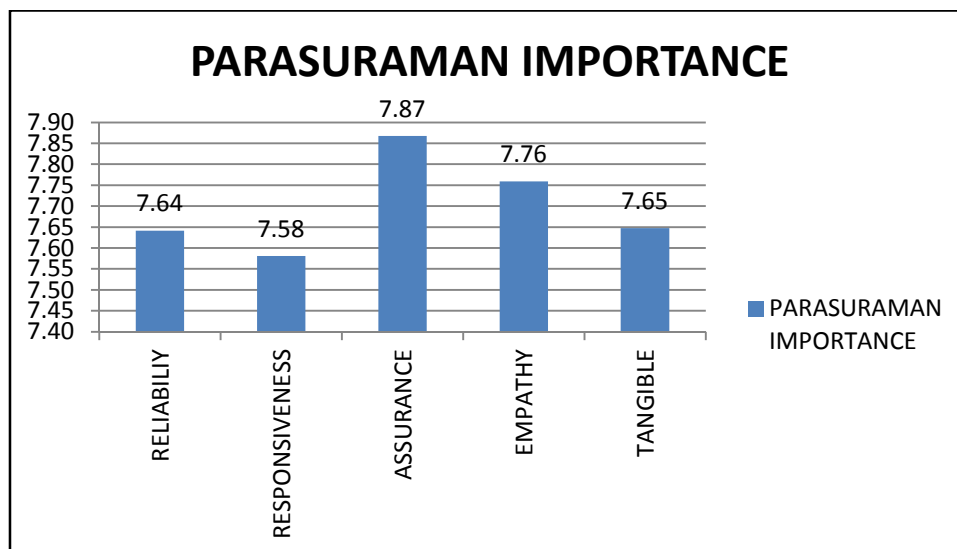
Customers rate “Suppliers being available when they need them” as the least important attribute. This could be because recruitment services are generally spread over a number of weeks. Also included in the bottom three are “Accurate record of transactions” and surprisingly “A willingness to help throughout the process”.

Attribute		CONTEXT QUESTION	Average Importance
11	Assurance	My suppliers vet candidates sufficiently	8.26
17	Empathy	My Suppliers take the time to understand my business needs	8.24
1	Reliability	My supplier always delivers what they promise	7.97
13	Assurance	Suppliers are selected as they have consultants that demonstrate a good knowledge of my technical specifications	7.97
15	Empathy	My supplier accommodates my company's processes when delivering services	7.88
16	Empathy	My supplier always has my best interests at heart	7.88
6	Responsiveness	My Suppliers keep me well informed throughout the recruitment process	7.82
14	Empathy	My Supplier accommodates my individual requirements and schedule when delivering services	7.79
4	Reliability	My suppliers consistently meet my hiring schedule	7.76
2	Reliability	My suppliers are dependable in handling any problems that occur	7.71
22	Tangible	My Supplier provides CV's that are easy to read	7.68
3	Reliability	My supplier's selection of candidates is appropriate at the first time of asking	7.65
10	Assurance	My supplier's employees instil confidence throughout the recruitment process	7.62
12	Assurance	Suppliers are selected based on their respectful and tactful approach.	7.62

19	Tangible	My Supplier has an excellent database/network of appropriate candidates	7.62
7	Responsiveness	My suppliers identify appropriate candidates promptly	7.56
9	Responsiveness	My supplier demonstrates a readiness to respond to new process requests	7.50
8	Responsiveness	My supplier demonstrates a willingness to help throughout the delivery process	7.44
5	Reliability	My suppliers maintain accurate records of all transactions	7.12
18	Empathy	My supplier is always available when I need them	7.00

Table 4.2: SERVQUAL questions in order of highest Importance.

In terms of recognising the most important Parasuraman Service Dimensions, the contextualised Parasuraman questions would rate Assurance as the most important attribute with Empathy leading Tangibles, Reliability and finally Responsiveness (Graph 4.6). This contradicts Parasuraman and Berry's (1991) conclusions that Reliability should be the most important service quality dimension and Tangibles should be the least important dimension.



Graph 4.6: Parasuraman questions, Service quality Dimension scores

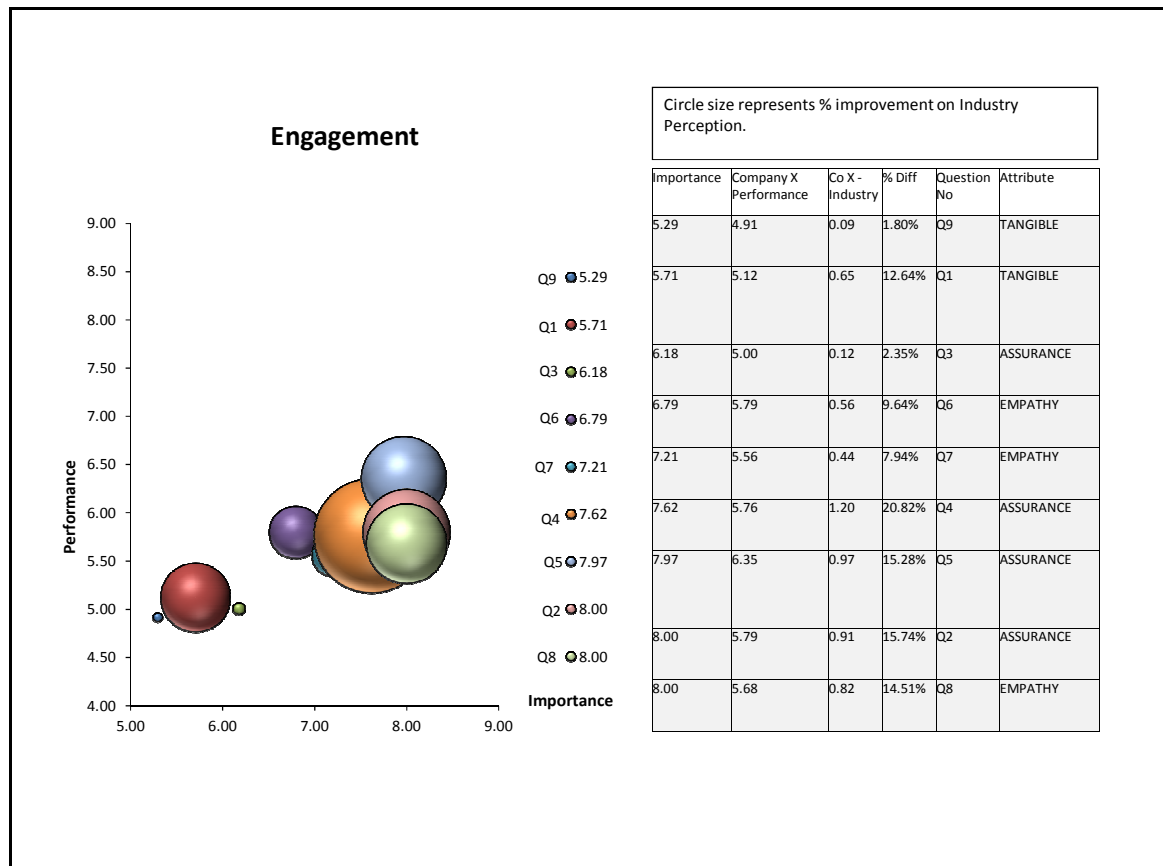
## **4.4 The Full Questionnaire Results**

### **4.4.1 Review of Performance versus Importance per stage**

The research questionnaire was constructed to allow review of customers' perceptions of appropriate RATER dimensions at each stage of the Customer Relationship Lifecycle process. By asking questions in terms of "Importance", "Perceptions of the performance of industry suppliers" and "Perceptions of the performance of Company X", it is possible to plot the performance of Company X on a Performance v Importance graph as follows:

The following graphics plot Company X's performance on the y axis against Customer perceptions of Importance on the x axis. As Company X performance is always greater than the perception of Industry importance, each point is plotted as a circle where the size is proportionate to the percentage increase in Company X performance from the Industry perceptions. This enables the Operations Managers to determine where to focus attentions.

They show that at Engagement, Company X performs reasonably well in areas of Importance compared to its competitors. Performance at Service Delivery, Delivery Outcome and Problem Resolution is better than Industry norm but could improve in areas of Importance.



Question No	Attribute	Question
Q9	TANGIBLE	Suppliers are selected based on relevant case studies and customer references
Q1	TANGIBLE	Suppliers are selected based on their documentation, demonstrating their capabilities and credentials.
Q3	ASSURANCE	Suppliers are selected based on their Market Reputation.
Q6	EMPATHY	Suppliers are selected as they build good relationships before being formally engaged.
Q7	EMPATHY	Suppliers are selected as they can provide a pro-active solution to my resourcing problems
Q4	ASSURANCE	Suppliers are selected based on their respectful and tactful approach.
Q5	ASSURANCE	Suppliers are selected as they have consultants that demonstrate a good knowledge of my technical specifications
Q2	ASSURANCE	Suppliers are selected based on the quality of their consultants.
Q8	EMPATHY	Suppliers are selected as they understand my business needs

Figure 4.1: Performance v Importance results for the Engagement Process

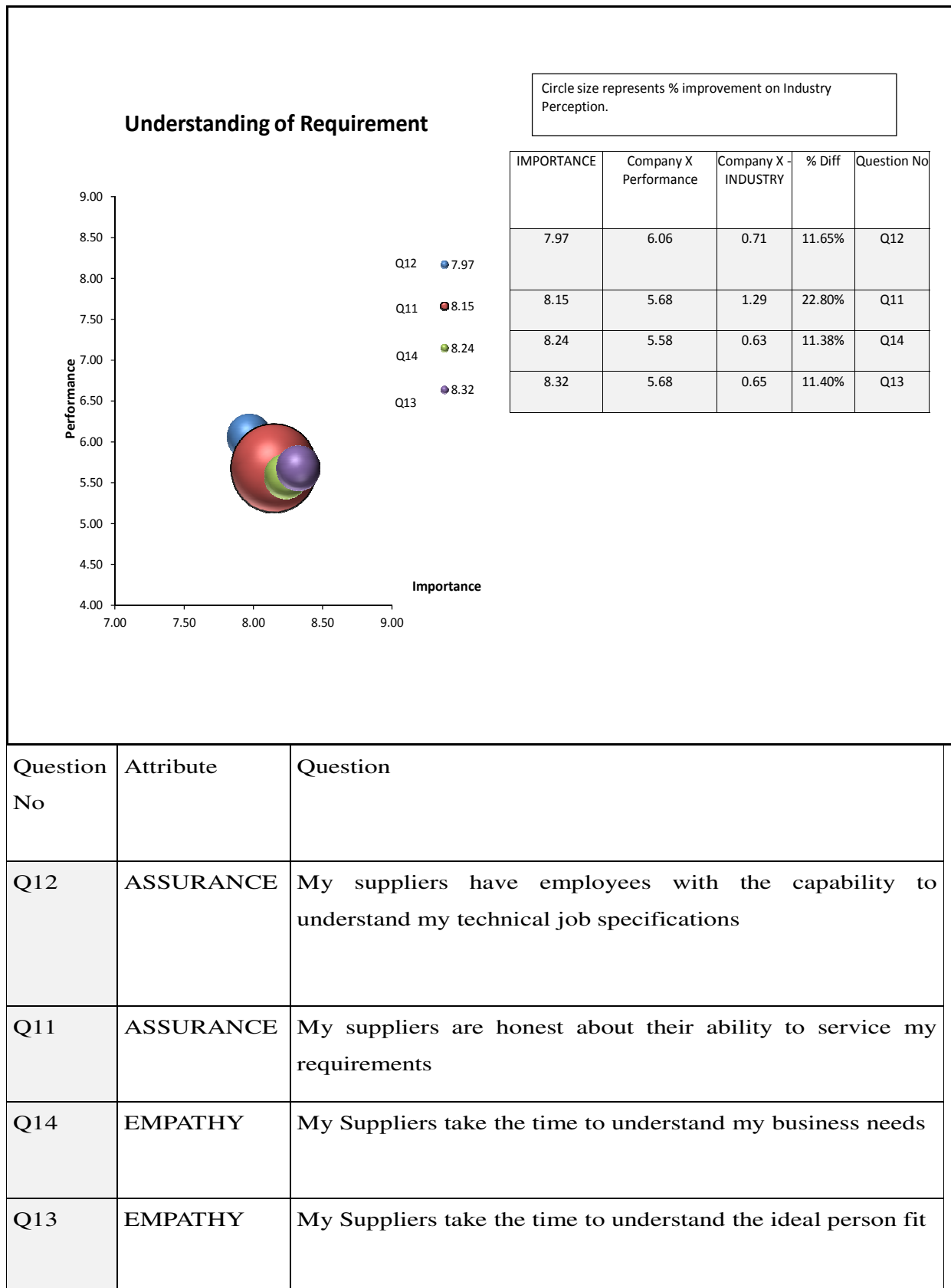


Figure 4.2: Performance v Importance results for the Understanding Of Requirement Process

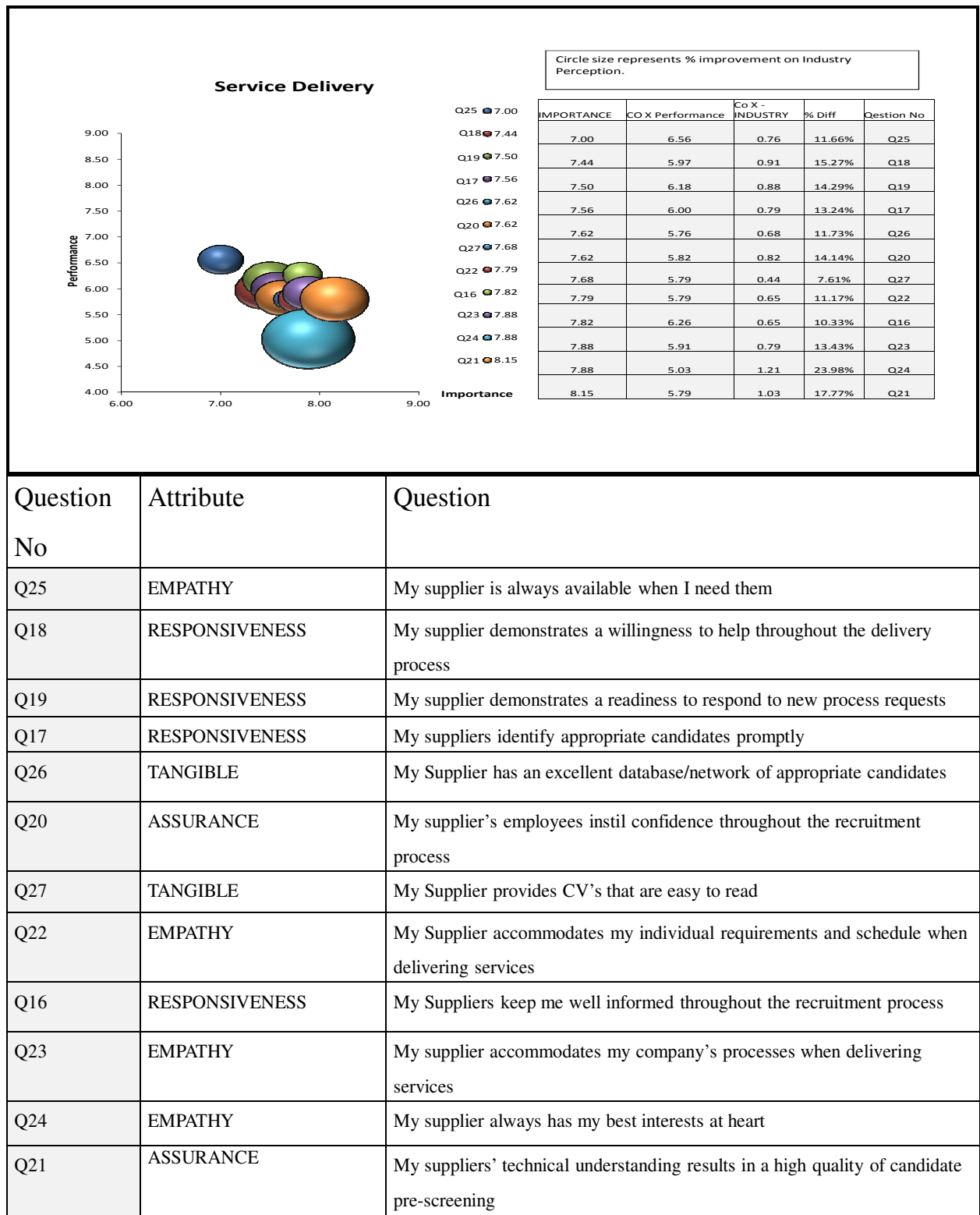


Figure 4.3: Performance v Importance results for the Service Delivery Process



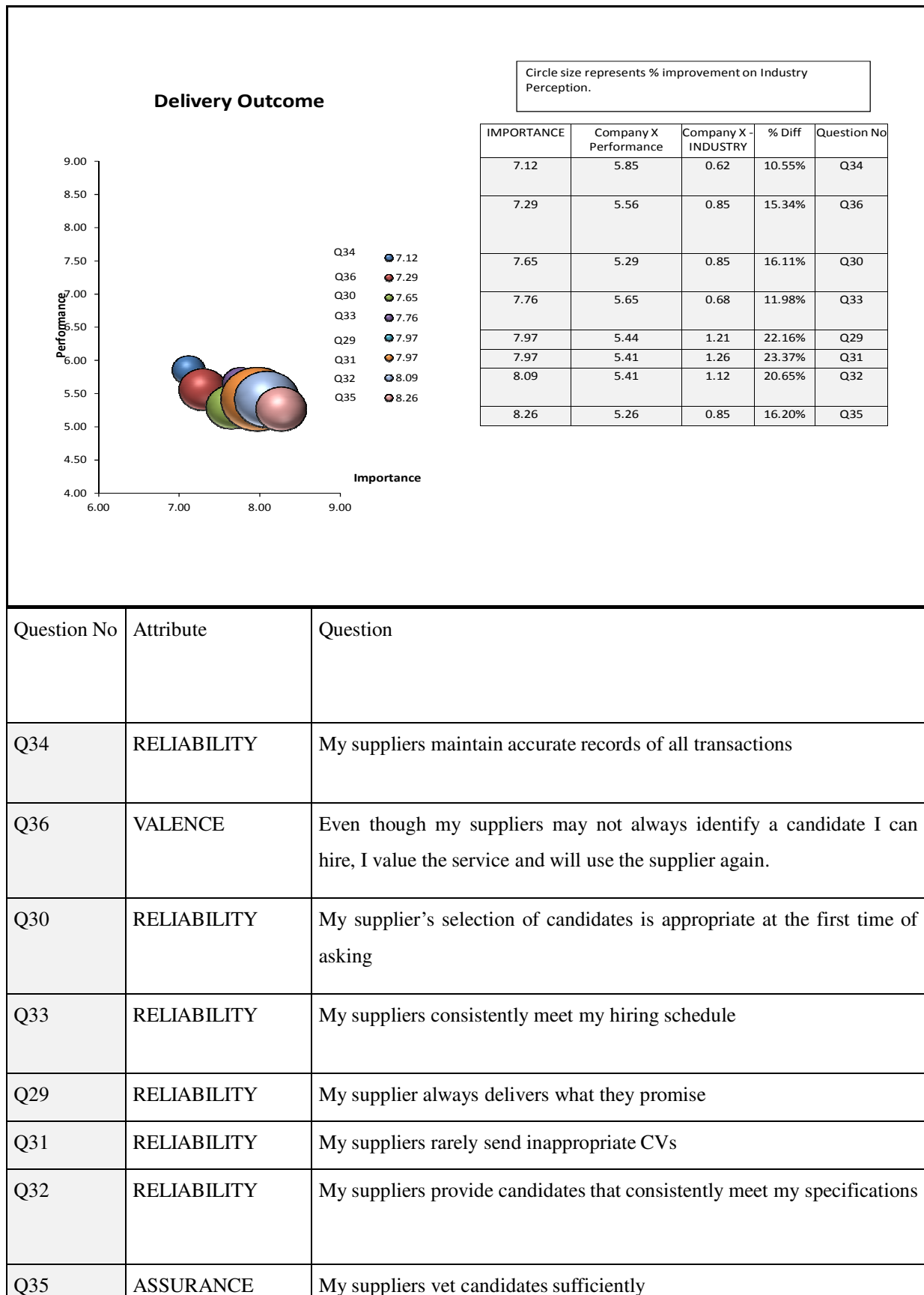


Figure 4.4: Performance v Importance results for the Delivery Outcome Process

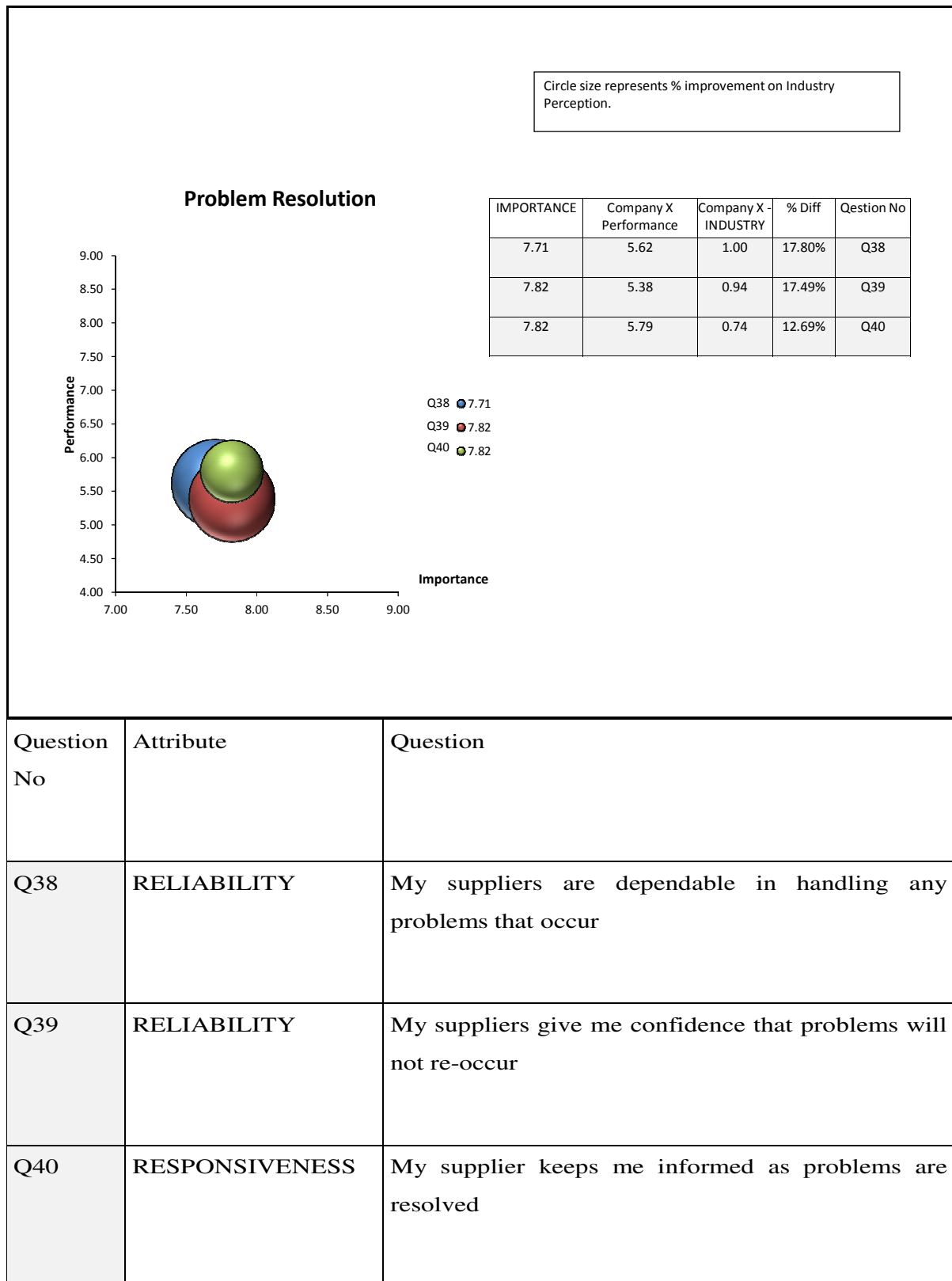
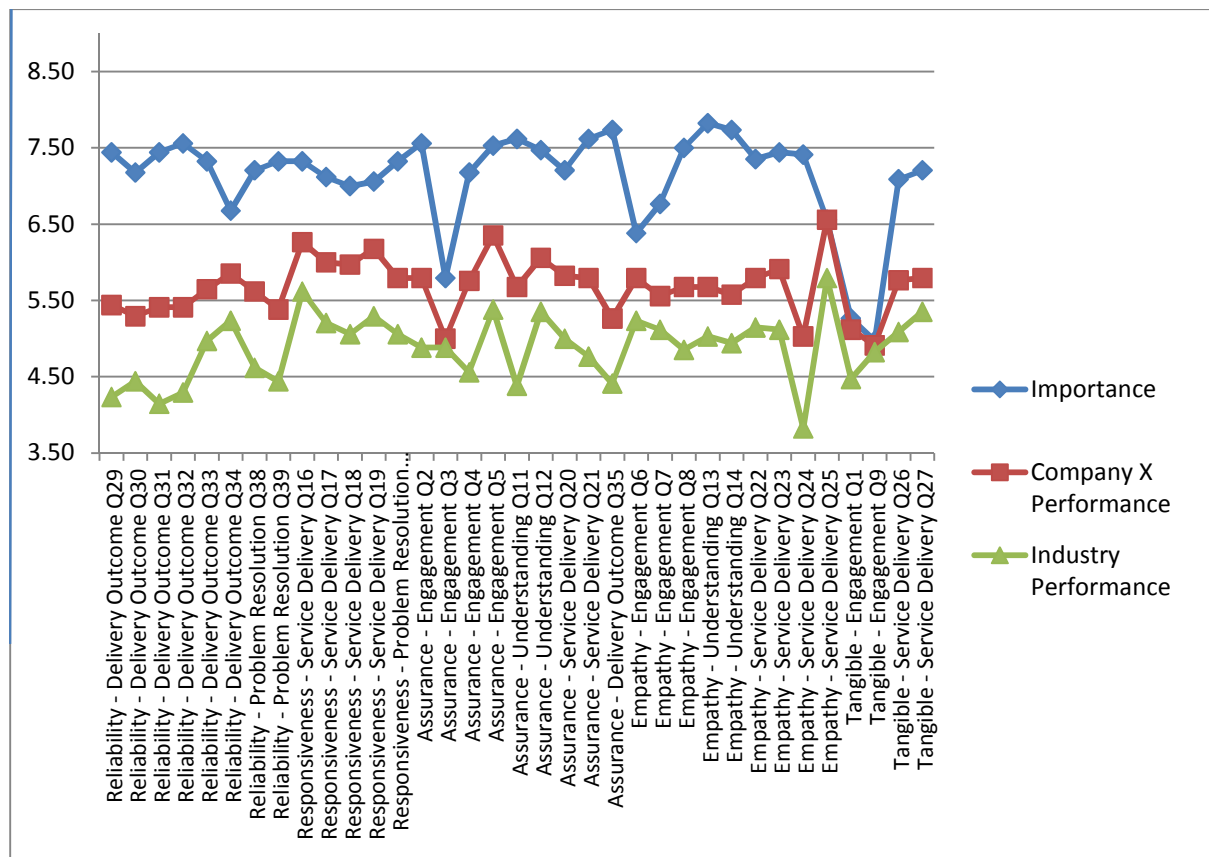


Figure 4.5: Performance v Importance results for the Problem Resolution Process

## 4.5 Full Questionnaire Scores

The Questionnaire average scores are plotted below with RATER dimension as the primary order and Stage order as the secondary order.



Graph 4.7: Plot of Average Scores for each question ordered by RATER Dimension

The data is also presented as a bar chart in APPENDIX C where Importance and Industry Performance scores are plotted with reference to Company X scores (B.1 is ordered by Customer Relationship Lifecycle stage and B.2 is ordered by RATER dimension and B.3 is ordered by Importance). These graphs highlight that Tangibles during Engagement (Q1 and Q9) are least important and Q3 (Suppliers are selected based on Market Reputation) is also of low importance.

Graphs in APPENDIX C show that Q35 (Suppliers vet candidates sufficiently) produced the largest gap between customer perception of Importance and Company X performance. Even

though, Company X is 16% better than the perception of the industry, it is an area that could provide greater differentiation between suppliers. This confirms the findings of Nicoll Curtin's survey – Recruiter, 2012 (issue 26) in Appendix A.

One other item that could cause customer anxiety is Q24 (Having the Customers best interest at heart). There is a general feeling that customers believe that recruitment suppliers are happy to sell any candidates to get a quick fee, rather than work to find the right candidate. Where customers aim to find highly skilled individuals at competitive salaries, this is always going to require a compromise which the customer may resent and is therefore cause for conflicting and tensions (SERVQUAL Q16).

## 4.6 RATER Dimension Comparisons with SERVQUAL

Each RATER dimension was averaged and a comparison made between the designated SERVQUAL questions and the averages of the complete questionnaire. The results are as follows:

### 4.6.1 Reliability

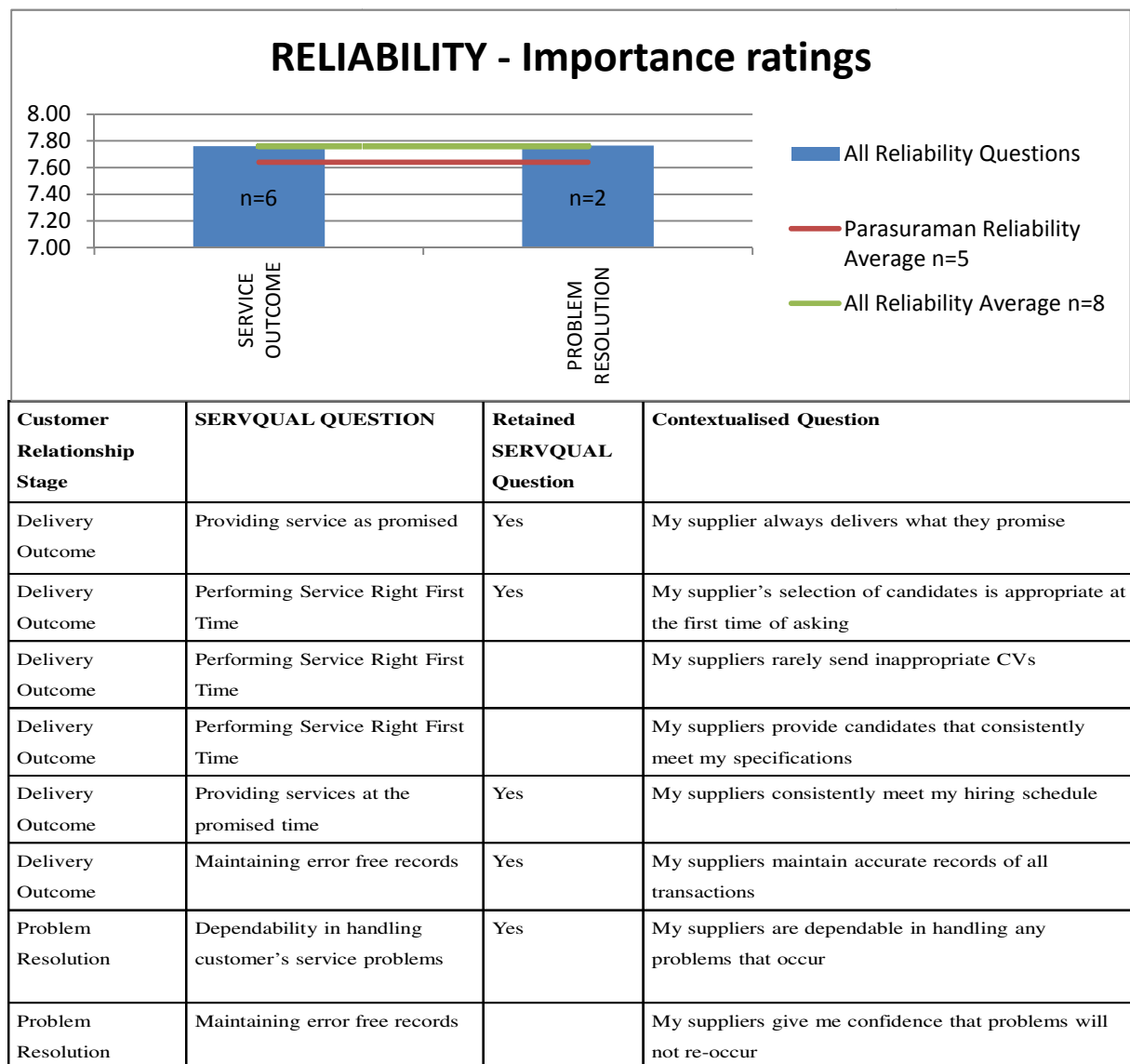


Figure 4.6: Comparison of the SERVQUAL Reliability question average and Customer Relationship Reliability question averages.

The five SERVQUAL Reliability questions are distributed in the Service Outcome Process (4 questions) and one in the Problem Resolution process. The additional questions asked in the Service Delivery section focused on the core area for a recruitment firm of “providing CVs that meet the customer specification first time” and “rarely sending inappropriate candidates”. These additional questions raise the average Reliability Importance score and indicate the criticality to the customer/supplier relationship (Appendix A -Issue 29). The additional question within the Problem Resolution Process related to ensuring problems did not reoccur. This had the effect of raising the average Importance score indicating it is of greater importance to ensure problems never reoccur that to resolve problems in the first place.

#### 4.6.2 Responsiveness

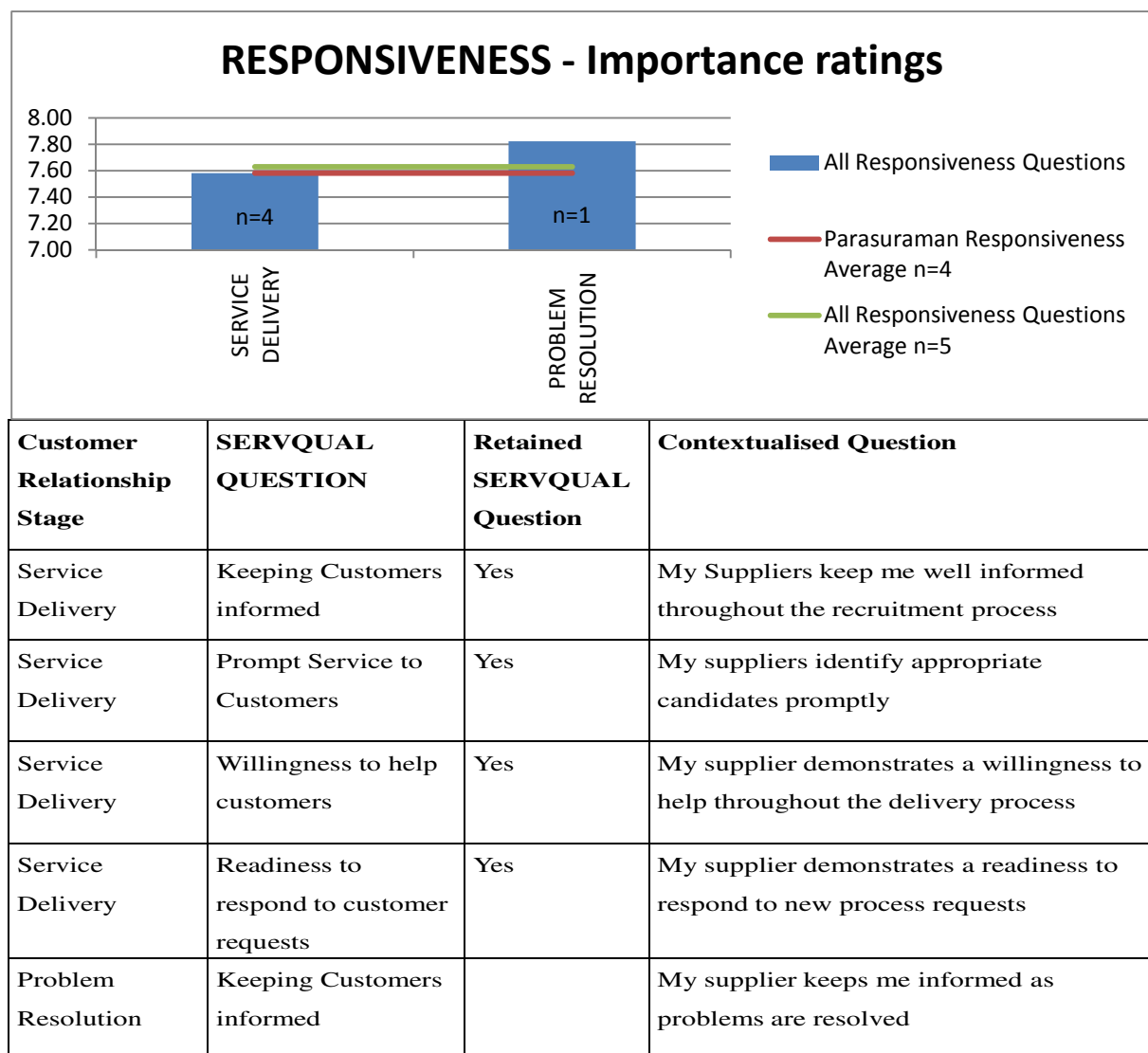


Figure 4.7: Comparison of the SERVQUAL Responsiveness question average and Customer Relationship Responsiveness Question Averages.

As the SERVQUAL questionnaire focuses predominately on the Service Delivery process (Cronin *et al* 1992), it can be seen that the Customer Relationship Lifecycle Questionnaire mimics the SERVQUAL result. The four questions in the Service Delivery section of the Customer Relationship Lifecycle Questionnaire are the contextualised SERVQUAL questions therefore the overall average was unlikely to be dramatically affected by the additional question posed in the Problem Resolution process. However, this question raises the overall Responsiveness importance score indicating that keeping Customers informed during Problem Resolution is more important than the other SERVQUAL questions.

### 4.6.3 Assurance

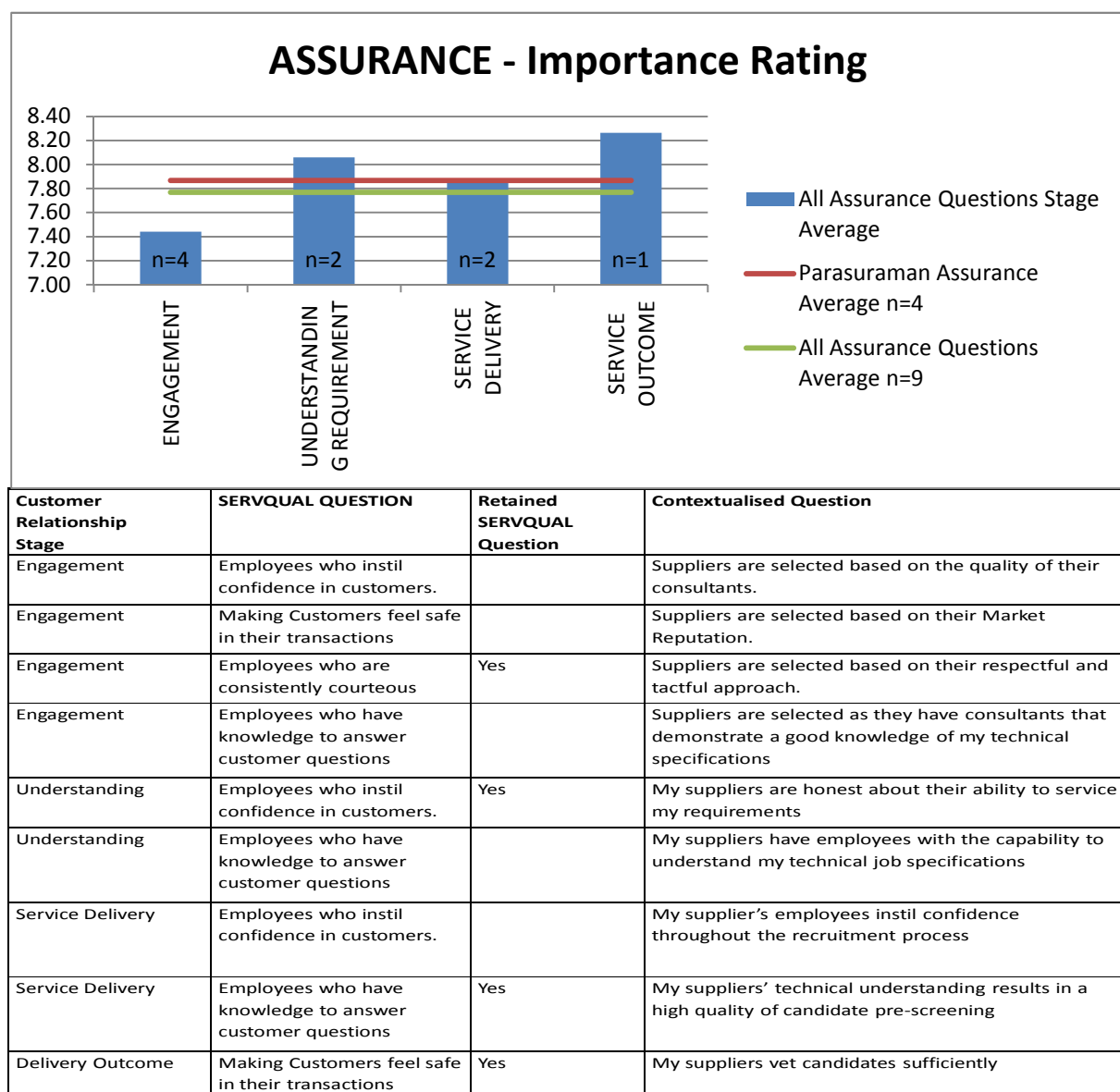


Figure 4.8: Comparison of the SERVQUAL Assurance question average and Customer Relationship Assurance Question Averages and Questions asked.

The four SERVQUAL questions are distributed across each of the Customer Relationship Lifecycle stages in the graph and would appear to give a higher average rating than the Customer Relationship Lifecycle Questionnaire average. This would imply that the SERVQUAL questions generically capture the important Assurance attributes within the SERVQUAL questionnaire. Customers do not appear to be rating Assurance highly when engaging suppliers even though it is highly valued at the Service Outcome stage. The question that has dragged the Engagement - Assurance average down relates to the importance of the suppliers market reputation. This probably indicates that, the boundary interface of the Recruitment Consultants is more important than the corporate reputation of the companies they work for. This would back up research by Haas *et al* (2012) which emphasises the importance of the sales person in creating the value in the customer relationship.



#### 4.6.4 Empathy

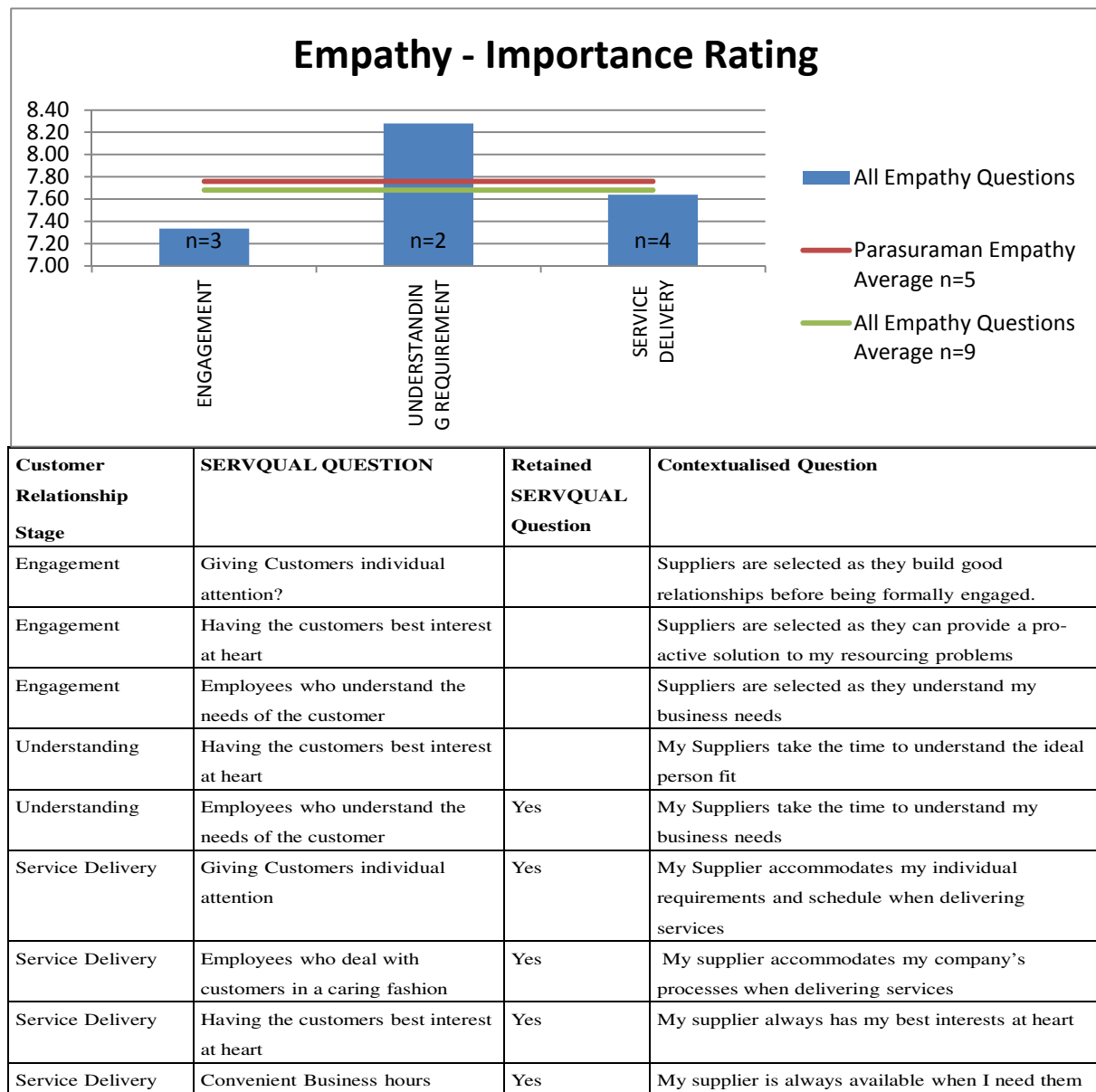


Figure 4.9: Comparison of the SERVQUAL Empathy question average and Customer Relationship Empathy question averages

Four of the SERVQUAL questions are replicated in the Service Delivery process with the final one being in the Understanding of the Requirement Section. However, the results above would indicate that customers score Empathy as most important at the “Understanding of Requirements” stage, something not adequately tested by SERVQUAL. Additionally, the Engagement question bringing the average down was “building good relationships prior to being engaged”. Qualitative responses indicate that customers do not appreciate suppliers trying to build false relationships prior to demonstrating value.

#### 4.6.5 Tangibles

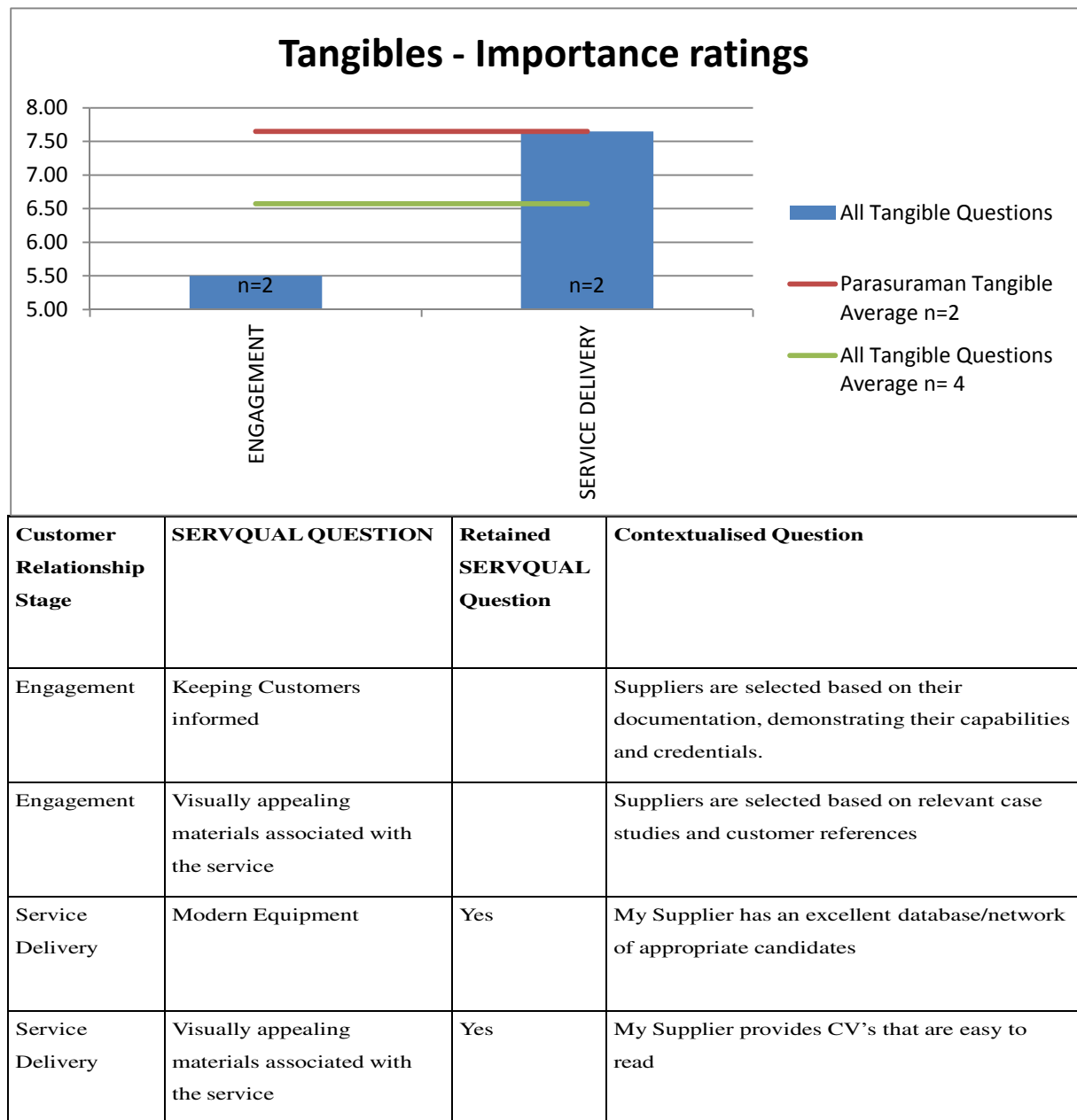
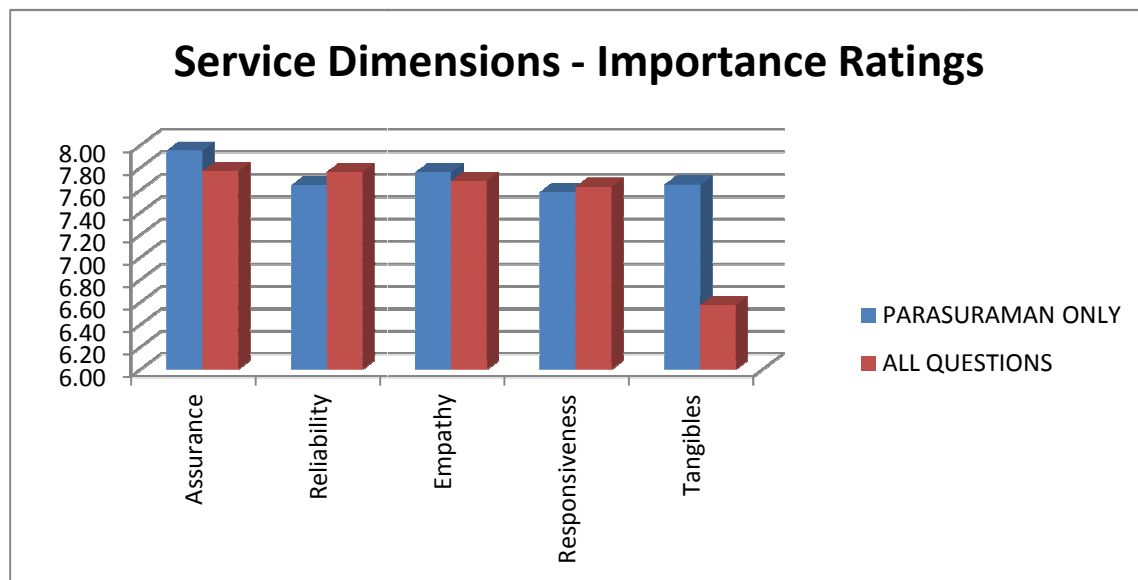


Figure 4.10: Comparison of the SERVQUAL Tangible question average and Customer Relationship Tangible Question Averages and Questions asked.

The SERVQUAL questions asked were positioned in the Service Delivery process, whilst two questions were added in the Engagement process section. The results would indicate that Customers do not select suppliers based on documented Service Information. Customers

generally find it difficult to assess services prior to Engagement (Zeithaml, 1995). In this case they would appear to not value promotional documentation. Again, this could demonstrate the importance of the boundary relationship (Haas 2012) or the ability to provide the right service at the appropriate time.

#### 4.6.6 General Service Dimensions Ratings



Graph 4.8: Comparison of SERVQUAL and Full Questionnaire Importance Ratings

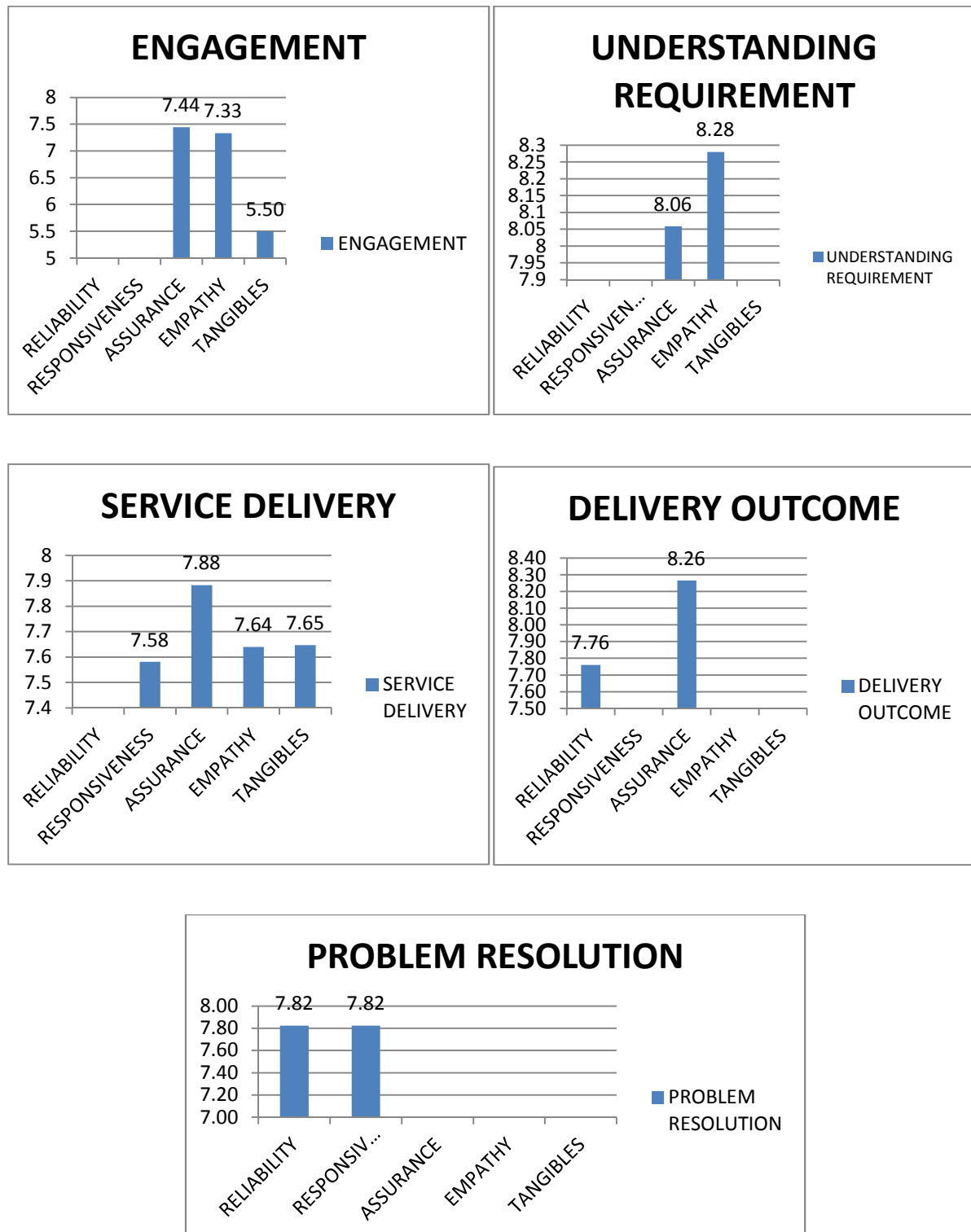
SERVQUAL only RATER ratings Largest to Smallest		All Question RATER ratings Largest to Smallest	
Assurance	7.95	Assurance	7.77
Empathy	7.76	Reliability	7.76
Tangibles	7.65	Empathy	7.68
Reliability	7.64	Responsiveness	7.63
Responsiveness	7.58	Tangibles	6.57

Table 4.3: SERVQUAL and All Questions RATER Dimension ordered in terms of Importance Priority.

Parasuraman (1988) expected Reliability to be the most prominent dimension however, this study identifies Assurance as the highest overall priority.

#### 4.6.7 Customer Relationship Lifecycle Dimensions

Graphs 4.9 demonstrate how the customers position the importance of the RATER Dimensions across the Customer Relationship Lifecycle stages.



Graph 4.9: RATER values across the Customer Relationship Lifecycle stages

Assurance achieves the highest values in Engagement (7.44), Service Delivery (7.88) and Delivery Outcome (8.26) and is still relatively high in the Understanding of Requirement stage (8.06). Empathy is rated highest in the Understanding of Requirement stage (8.26), whilst Reliability and Responsiveness were equal (7.82) in the Problem Resolution stage.

Whilst Tangibles scores lowest in Engagement (despite the questions relating to documents to provide Assurance), it scores second highest in Service Delivery.

The Results in Graph 4.10 may explain why there are inconsistencies in previous contextualised SERVQUAL studies as it results could be dependent on how the survey designer has geared the question to a Customer Relationship Lifecycles stage or the customer has interpreted their involvement in the transaction.

#### 4.6.8 Overall Satisfaction and Recommendation Scores

Table 4.4 shows how customers would rate their overall satisfaction with their suppliers and whether they would recommend their supplier to a third party.

	<u>Average Satisfaction Score</u>	<u>Contacts prepared to Recommend Agency</u>
General Agency Suppliers Score	5.46 (n=34)	28 = Yes and 7 = No
Company X score	5.25 (n=32)	17 = Yes and 14 = No

Table 4.4: Satisfaction Scores and Scores for contacts willing to recommend their supplier

Despite consistently scoring higher than Industry in all questions, Company X performs worse than their general competitors in both these measures. This may indicate that in this service typology, a service which is better than average, still isn't good enough to secure overall satisfaction (Dabholkar *et al*, 2000).

#### **4.6.9 Boundary Interfaces**

In Industries such as recruitment, the interface between the sales representative and customer is critical (Evanschitzky *et al* 2012), with dominance having a negative impact on satisfaction. The qualitative responses confirmed that customers do not appreciate “Hard Sales” tactics and Question 24 (“Suppliers have my best interest at heart”), scored lowest in the Industry performance rankings.

This study also looked at the customer actors, the personal relationships and the corporate relationships involved in the service encounter. The results are included in Appendix D and provide an insight to the complexities of measuring Service Quality. Gronroos (2011) states that individuals are important at Engagement and Understanding. An overview of the quantitative findings is provided below:

##### **4.6.9.1 Gender**

Female respondents rate Reliability more important than Male respondents (Appendix D.1). They also rate Empathy as more important during Service Delivery and Assurance as more important during Engagement.

##### **4.6.9.2 Role**

Buyers that have an indirect involvement in the process score Reliability, Assurance and Empathy more important than those with a direct involvement (Appendix D.2). This may be because indirect staff expect higher service levels to ensure they can service their internal customers.

The in-house staff tend to demand greater Responsiveness and Assurance during the Understanding of Requirement stage.

#### ***4.6.9.3 Volume Buyers***

There was no discernible difference in results in this category (Appendix D.3). Perhaps the buying volumes recorded by Company X are not significantly different to demonstrate any relationships.

#### ***4.6.9.4 Personal Relationships***

Appendix D.4 illustrates that Customers rate Reliability more important when there is a longer personal relationship between the boundary interfaces. This is also evident during the Delivery Outcome stage. Familiarity with an existing supplier may explain the importance of “Understanding the business needs” and “Quality of consultants” at Engagement.

#### ***4.6.9.5 Corporate Relationships***

Contrary to Personal Relationships, Customers with a shorter corporate relationship with their suppliers rate all the RATER dimension higher (Appendix D.5). This may be that the respondents working for those customers need a higher level of service to justify the corporate relationship until their personal relationship has matured.

## 4.7 Brief Qualitative Analysis

Comments made by the respondents were colour coded according to the RATER values allowing a simple count of the number of occurrences of each dimension. Whilst most customers responded according to the Customer Relationship Lifecycle stages, some tended to comment on all stages at the first opportunity making the Stage analysis unreliable. Overall, the comments confirmed the Quantitative results making Assurance the highest rated dimension. However, Responsiveness and Empathy ranked higher than Reliability, which contradicted the quantitative results.

Tangibles were rarely discussed, confirming their low importance established in the quantitative questionnaire.

	Reliability	Responsiveness	Assurance	Empathy	Tangibles
<b>TOTAL Comments</b>	19	24	25	20	4

Table 4.5: Number of Qualitative responses per RATER Dimension.

Price/ Cost was mentioned only three times indicating that this is lower on the agenda when discussing elements of Service Quality. Customers are more focused on value than cost. More comments were related to Customers wanting their suppliers to save them time or more importantly not waste their time. This may be why Responsiveness and Empathy featured higher in the Qualitative responses and would imply that the Survey did not emphasis this dimension enough.



# Chapter 5

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## **5 Conclusions and Implications**

### **5.1 Introduction**

This chapter critically analyses the research methodology, then draws conclusions from the findings and analysis in the previous chapter with reference to the Research Aims and the Research question. Implications for Operations Managers and opportunities for future research conclude this chapter.

### **5.2 Critical Evaluation of Methodology**

The design of the questionnaire was based on the SERVQUAL instrument implemented across the Customer Relationship Lifecycle stages. Whilst one-to-one meetings with Company X employees helped define the contextualised questions, a larger focus group (as per Parasuraman, 1988) may have produced questions of greater priority to the Business. However, by using the SERVQUAL template, along with a combination of a key employee interviews and the available secondary data, an appropriate questionnaire was produced to get an initial understanding of the issues to be researched. A statistical tool, such as SPSS, could have been used to test the reliability and validity of the questions.

The inclusion of a free text area for Customers to provide Qualitative feedback enhanced the understanding of the data received. It enabled customers to introduce new topics that they may have experienced with other suppliers which do not feature in the surveying company's service portfolio. This therefore provides a service benchmark which allows the surveying company to review any additional services offered by other sources that are being valued by their customers.

### **5.2.1 Importance or Expectation**

The research questionnaire adopts an Importance v Performance scale whereas the original Parasuraman model adopts an Expectation v Performance scale. The Expectation criterion is criticised (Babakus *et al* 1992) as most customers expect a high level of service for each question criteria. In this research, the importance scale has produced an average score of circa 7.5 out of 9 and seems to provide a more distributed score of opinions. However, the key SERVQUAL questions are generally at the upper end of the scale (7.00 or above), whilst the four lowest scores are all additional questions within the Engagement Stage. This would imply the original selection of SERVQUAL questions are the more pertinent whilst there are few questions that adequately capture Customers perceptions of importance at Engagement.

The measure of “Industry Performance” as a benchmark produced low results and reflects the poor perception Customers have of the recruitment industry as reported by Innergy (2011) and CIPD (2008). Whilst Company X performs better than this benchmark, it may still be considered lower than the “zone of tolerance” suggested by Palmer 2011 pp286-287 and explain why the “Recommendation” score is lower than the Industry score recorded in this study. Dabholkar *et al* (2000) suggest that a service approaching excellence would result in better recommendation scores. Where the general perception of the industry sector is already low, this benchmark may be an inadequate measure and best in class may be a better benchmark to strive for.

### **5.2.2 Importance v Performance**

Figures 4.1 to 4.5 showed that Company X always ranked as performing better than the general perception of industry by its customers. This could reflect customer bias or that general industry perception score at a mediocre performance level rather than an industry best in class. The magnitude of the difference between Industry Perception and Company X gives

a reasonable indication of where improvements can be made at each stage in the Customer Relationship Lifecycle. As Company X is generally ranked as performing around 5 to 6 out of 9, there appears to be much room for improvement. Appendix C.3 also provides a good indication of where Operations Managers should focus their improvement efforts.

## **5.3 Analysis of Research Aims**

### **5.3.1 Review of Service Quality evaluation tools**

The literature review discussed the dominant models of Service Quality constructs adopted in most academic studies. The main ones being SERVQUAL (Parasuraman, 1988), SERVPERF (Cronin *et al*, 1992) and the hierarchical models developed in Europe by Gronroos (1984) and Brady *et al* (2001). The most researched model appears to be SERVQUAL. However, as most researchers tend to apply modifications to contend with contextual issues or service typology nuances, there is an implication that SERVQUAL in its pure form is an inadequate as a universal instrument. The hierarchical models adopt some of the SERVQUAL dimensions and provide a means to differentiate between elements of the customer interaction. (Interaction Quality, Environmental Quality, Outcome Quality etc). The hierarchical models appear to be gaining in popularity and also appear to be better equipped to content with service typology issues (Yap, 2009). However, there is still an issue with their adoption. This may be due to their intent on providing an overall construct of Service Quality and their lack of attention to the operational processes involved in managing a Customer from acquisition through to Delivery Outcome. The conceptual model developed in this study bridges this gap. This study would indicate that there are operational issues that can be learned at each Customer Relationship Lifecycle stage. Additionally, the model has the potential to improve the conversion of customers through to the next stage of customer engagement and thus provide a necessary sequential link between Service Quality improvement and increased volume of business executed.

### **5.3.2 Devising the Research Instrument**

When building the questionnaire within the grid of SERVQUAL Dimensions versus Customer Relationship Lifecycle Process stage, the potential number of questions made it necessary to reduce the questions to a more manageable set (Saunders *et al* (2009) pp 144). This process of elimination ensured that greatest focus was in cells of key importance to both Supplier and Customer. The Qualitative questions allowed the Customer to express issues that were not covered in the questionnaire. Two such issues included Technical testing/benchmarking of candidates and face-to-face interviews (Nicoll Curtin, 2012 – Issue 26). It may be necessary for Company X to assess the cost/benefits of introducing such service enhancements.

### **5.3.3 Effectiveness of the Questionnaire Approach**

Delivering the questionnaire of circa 50 questions by SurveyMonkey.com produced a low rate of return as predicted by (Saunders *et al* 2009: pp 144). However, the volume of target customers gave a sufficient audience to produce over 30 responses and make the results statistically relevant. (Saunders *et al* 2009: pp 218). A similar result may have been achieved by conducting customer interviews but it may have taken longer to get customers engaged in the process without significant support from Company X employees. Customer Interviews may have produced more reliable qualitative Customer Relationship Lifecycle data.

From a practical point of view, more responses may have been acquired if the questionnaire had been divided into 5 discrete questionnaires representing the Customer Relationship Lifecycle stages. In longitudinal studies, it may be possible to link behavioural intentions to progress from one stage to the next and thus overall behaviour intentions for re-purchase (Cronin *et al* 2000).

For this study, a SERVQUAL style model was selected, evaluating Performance against measures of Perceptions of Importance and Perceptions of Industry Performance. Industry

performance was selected due to the saturation of Recruitment suppliers in the market and therefore the customers' prior expectations through influence of previous service experiences.

Importance proved consistently high as predicted by Rosen *et al* 1994, with limited variations, but having reduced the questions to a manageable set, it may be that only the relatively important questions remained. The designated SERVQUAL questions averaged higher than the overall questions indicating that the SERVQUAL questions captured the key service questions.

The low "Recommendation" score supports Dabholkar *et al's* 2000 research that nothing less than service excellence would encourage customers to recommend their suppliers. Further evaluation is necessary to establish what would make a customer recommend its supplier in the recruitment industry. Additionally, Customers may prefer to recommend the individuals providing the service rather than their Company. There may be other psychological issues with this "Recommendation" dimension specific to the recruitment industry. As Customers are in direct competition with each other for available talent, they may be wary of recommending their favoured supplier in an attempt to retain the flow of best candidates.

Overall, the Conceptual Model tested provides a good indication of Service Quality issues and with further research and refinement could provide a method of linking Service Quality improvements to increasing the rate of customer conversions from engagement through to successful delivery.

#### **5.3.4 Examination of Customer Typologies.**

A visual examination of the number of questions asked in each cell may provide an indication of the service typology (Table 5.1). In this case, there is an apparent diagonal from bottom left to top right. As Recruitment is predominately conducted at "Arms Length" (Lovelock, 1983), then Customers find it difficult to assess service Reliability and Responsiveness prior to Engagement. Therefore, questions focus more on Assurance, Empathy and the Tangibles or documents explaining the service capabilities.

In different service typologies, such as e-services, questions of Reliability and Responsiveness may feature more highly in Customers assessments of Service Quality as they initially engage.

Similarly, the personal nature of “Understanding the Requirement” due to nature of demand or Customisation (Lovelock, 1983) may increase the Assurance and Empathy questioning in the early stages of the Customer Relationship Lifecycle.

	<b>Engagement</b>	<b>Understanding Requirements</b>	<b>Delivery of Process</b>	<b>Delivery Output</b>	<b>Problem Resolution</b>	<b>Overall</b>
<b>Reliability</b>				Q29-P1, Q30- P3(a) Q31-P3(b) Q32- P3(c) Q33-P4(a) Q34-P5(a)	Q38-P2 Q39-P5(b)	Q49 Q50
<b>Responsiveness</b>			Q16-P6(b), Q17-P7(a) Q18-P8(a) Q19-P9(a)	Q36-Valence	Q40-P6(b)	
<b>Assurance</b>	Q2-P10(a), Q3-P11(a), Q4-P12(a), Q5-P13(a)	Q11-P10(b), Q12- P13(b)	Q20-P10(c) Q21-P13(c)	Q35-P11(b)		
<b>Empathy</b>	Q6-P14(a), Q7-P16(a), Q8- P17(a)	Q13-P16(b), Q14- P17(b)	Q22-P14(b) Q23-P15(a) Q24- P16 Q25- P18(a)			
<b>Tangible</b>	Q1-P6(a) Q9- P22(a)		Q26-P19(b) Q27-P22(b)			

Table 5.1: Distribution of Questions in the RATER v Customer Relationship Lifecycle stage grid.

The questionnaire results indicated that Assurance was the dominant dimension which contradicts Parasuraman (1988) and Zeithaml (1990) which state that Reliability is the most

crucial. This research supports the theory that potentially the dominant dimension is Service Typology specific. (Olorunniwo *et al* 2006a, Olorunniwo *et al* 2006b, Rosen *et al* 1994). In revisions of this questionnaire, it may be appropriate to ask fewer Empathy questions in favour of more Assurance questions.

The evaluation of Customer profile relationships in Appendix D needs to be treated with caution due to the low sample size however, the results would support research showing potential influences by Gender (Palmer *et al* 1995 and Ndubusi 2006), Role of Customer (Svensson 2004) and Customer Relationship duration, (Dagger *et al* 2007, Palmatier *et al* 2006, Eggert *et al* 2006).

Appendix D.4 and D.5 evaluate the relationship dimensions further in which customers with a long term personal relationship score Reliability during Delivery Outcome consistently higher than those with a shorter relationship. However Customers with a shorter Corporate Relationship score the RATER dimensions higher, potentially showing the customer contact expecting the supplier to justify their corporate relationship. Dagger (2007) claim that the levels of importance differ as the relationship develops. Palmatier (2006) argues that Trust is at personal level rather than corporate and that composite relationships are a moderator for perceptions of service quality. Palmetier (2006) also points out that a customer's willingness to recommend a supplier is based on trust. Whilst levels of trust are not covered in this study, "having the customer's best interest at heart" is the lowest scored Assurance question which may provide insight as to why the overall satisfaction scores and recommendation scores were lower than those scores for Customers general recruitment suppliers. Additionally, the conflicts of trust when long term corporate relationships are imposed on service receivers who potentially have a shorter personal supplier relationship and potentially different personal relationship preferences may need further research.

Boundary relationships potentially play a significant part in the Customers perception of Service Quality. The highest ranking responses in the Engagement stage were related to value creating items such as "consultant quality" and "understanding of business" (as predicted by Eggert *et al*, 2006 and Hass *et al*, 2012).



### **5.3.5 Does the model provide insight to improvements**

The individual Questionnaire responses combined with Performance v Importance graphs do provide valuable information for process designers to introduce performance improvements. However, the use of the “Industry perception” benchmark only provides a level of adequacy and not a level of excellence to be strived for. Gronroos (2007 pp 73) indicate that service quality as perceived by the customer has to be good enough to impress, therefore acceptable performance may not be sufficient to attract and maintain customers.

The Qualitative responses (whilst not examined in detail within this research) also provide an insight to potential processes that could be introduced. A few comments related to meeting candidates face to face and Undertaking Technical Tests on candidates featured in responses. This was not considered in the questioning as they are not part of Company X’s existing service portfolio. Whereas the SERVQUAL style questions provides an indication of Suppliers perceptions of value, the Qualitative responses provided insight as to the service issues lacking from the supplier. These could be either desired or already experienced by their customers. Perhaps the higher ranking qualitative issues should have highest weightings in the Quantitative analysis. This demonstrates the limitation of a purely quantitative Service Quality Questionnaire. This would back up Parasuraman *et al’s* (2005) recommendation that SERVQUAL should be used with other measurement instruments.

## **5.4 Conclusions of Research Question**

A Staged approach using the Customer Relationship Lifecycle shows promise in its ability to guide a supplier through improving its operation to achieve greater Customer Engagements and then progress them to achieve a successful transaction. Further work should be done to assess whether a model such as this will increase Customer Engagement and then the behavioural Intentions of a Customer to progress through the stages as a consequence of Service Quality improvements and hence Customer Satisfaction (as studies by Olorunniwo *et al* 2006a and 2006b).

The use of the SERVQUAL as a template proved useful, although examination of the results show that there is limited discrimination between all dimensions other than Tangibles (Supporting Buttle, 1996). On reflection, there is an element of subjective as to which dimension a question should be categorised as: e.g. should “documentation relating to a Company’s Capability and Case Studies” reside in the Tangible or the Assurance category?

The construction of the questionnaire demonstrated that certain SERVQUAL dimensions were more relevant to particular stages in the Customer Relationship Lifecycle. This was also backed up by the Questionnaire results e.g. Empathy appears more important at the “Understanding of Requirement” stage, whilst Assurance is highest in the Delivery Outcome stage. The empirical evidence in this study shows that customer perceptions of the RATER dimension are moderated by the Customer Relationship Lifecycle stage. This would imply that respondents completing a Customer Service Questionnaire such as SERVQUAL, could interpret the question in terms of their own personal involvement in the business transaction and could be a contributing factor to the indifferent results exhibited in previous SERVQUAL style surveys where this dimension is not considered.

The new construct supports Zeithaml’s (1995) argument that services are difficult to assess at Engagement as Customers score RATER dimensions as less important during the Engagement stage (Graph 4.9). This may be because customers are jaded by sales approaches and find it difficult to assess how they filter the myriad of sales approaches they contend with. It could also be due to the difficulties that potential suppliers have in breaking down existing supply relationships and demonstrating their value.

Whilst not having sufficient profiling data to produce results of significance, there are indications in this data that different profiles of customer respondent could influence the values they attribute to the questions asked. Again, this could be a contributing factor to the indifferent results exhibited by previous SERVQUAL style studies.

## 5.5 Implications for Managers

There is growing evidence against building a generic service quality construct. As early as 1978, Sasser *et al* asserted that the notions of customer satisfaction and perceptions of service quality are unlikely to be captured by simple linear models. This study emphasises the dimensionality involved is likely to be numerous with variables that include Customer Relationship Lifecycle Stage, RATER dimensions (or their sub variants), Customer Actors, Boundary relationships and longevity of relationship. This model enables measurement of the majority of the dimensions and provides Managers with information to dynamically respond to create better value for customers. Whether they are adequately captured needs further empirical research however, this study provides a promising start demonstrating early potential for the conceptual model.

Responses to questions relating to Engagement gave the most erratic scores (Appendix D). Managers should dynamically review what customer's value throughout the process stages so that they can be emphasised better at Customer Engagement.

By adopting a questionnaire of this type and monitoring responses by service delivery representatives, managers should also be able to assess training needs in sales approach or relationship management strategies for their staff to create value for their customers (Haas *et al* 2012, Terho *et al* 2012, Eggert *et al* 2006).

## 5.6 Limitations of study

This research is conducted within a single SME specialist recruitment supplier operating in a niche UK industry sector (IT Recruitment). A wider sample from companies operating in different disciplines and with greater buying volumes would provide greater insight. International collaborations may be required to evaluate any cultural influences on the Conceptual Model studied.

Translations of questions from the original SERVQUAL template provided a relatively subjective start point for question design. As per the original Parasuraman (1988) studies, it may be preferable to begin the questionnaire design by conducting industry focus groups. A statistical analysis tool, such as SPSS could have been used to determine the relevance of the questions asked and their interpretations.

The administered questionnaire was relatively large as an attempt was made to capture all data from one source. In practice, five separate surveys could have been conducted (one for each stage). Discrete and smaller surveys should receive a greater response rate as in this case the limited number of responses made the evaluation of subsets of profiling data unreliable.

The Five RATER dimensions of SERVQUAL were used as a guide. It may have been more beneficial to use the original dimensions from which the five RATER dimensions were derived. These may provide a better guide to question design.

## **5.7 Future Research**

It would be an interesting exercise to retrospectively map previous designs of Service Quality Questionnaires and their contextualised questions into the Customer Relationship Lifecycle Conceptual Model (as per Table 5.1). This could indicate whether Service Typology categorisations can be deduced by the spread of questions within the table. Alternatively, the Conceptual Model should be applied to a greater array of Service Industry Typologies to establish the distribution of questions within the Customer Relationship Lifecycle v RATER Dimension grid.

By measuring Service Quality in Discrete Customer Relationship Stages, it may be possible to derive a sequential link between Service Quality Performance per stage and a Customer's behavioural intention to progress through the buying stages to become a long term customer. The link from Service Quality to Recommendations is also not adequately tested in this structure. .

A wider sample set would be required to statistically assess any traits between the respondents Customer Profiles and their propensity to rate certain dimensions consistently higher than other Customer profiles. This would merge with Customer Relationship Marketing theory allowing the supplier to appeal to certain Customer traits within a Business to Business context. In this study, it is difficult to ascertain whether Female respondents score all Importance questions higher than Males or whether it is In-direct users of the service (such as HR). This is because most HR respondents were also female.

Additionally, the role of the Service Provider's sales representative is not tested throughout this research. One sales representative may develop a better customer relationship or create a better service experience than another.

## 5.8 Summary

This research provides empirical evidence to show that the RATER dimensions associates with Service Quality are moderated by Customer Relationship Lifecycle as different priorities were recorded in each stage. The process of composing the questionnaire would also imply that the manner in which they are moderated could be Service Typology dependent. Further research would be required to empirically validate this statement. Furthermore, although there is an insufficient sample to state with any certainty, there is a reasonable indication that the actors involved in the service transaction are shown to moderate the perception of the RATER values over the Customer Relationship Lifecycle and over the relationship duration.

The Conceptual Model tested provides a good framework to build a Service Quality assessment process within any Service Typology. It shows initial promise for practically combining Service Quality and B2B relationship management theories to sequentially improve the conversion of Customer transactions from Engagement through to Delivery. It also provides information to inform the process of managing relationships from single transactions through to long-term relationships.

Further adoption of this Service Quality framework is encouraged as it demonstrates the ability to reveal greater insight for the operations and process developers within the service industry.

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# Appendices

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## **Appendix A – Secondary Data Mapped Into the Conceptual Model**



## **CUSTOMER ENGAGEMENT**

### **Assurance:**

- Issue 1 - Be Respectful (CIPD – REC)
- Issue 2 - Don't be over familiar (APSCO)
- Issue 3 - Demonstrate agent's expertise (CIPD-REC)
- Issue 4 - Too Aggressive at Sales. Stop Selling - start consulting. (APSCO)
- Issue 5 - Demonstrate Trust (CIPD-REC)
- Issue 6 - Tactful approach, (CIPD-REC)
- Issue 7 - Market Reputation, (CIPD-REC)
- Issue 8 - Technical expertise of Recruitment Consultants (CIPD-REC)

### **Empathy:**

- Issue 9 - Managers choose an agency based on previous relationships (Recruiter, 2012)
- Issue 10 - Understanding business goals (CIPD-REC)

### **Tangibles:**

- Issue 11 - More benchmarking data (APSCO)
- Issue 12 - Geographical coverage, (CIPD-REC)
- Issue 13 - Keep Customers informed re brand values. (CIPD-REC)
- Issue 14 - References, Case Studies, Evidence of similar work (CIPD-REC)

## **UNDERSTANDING OF REQUIREMENT**

### **Assurance:**

- Issue 15 - Be honest and realistic about ability to supply (APSCO & CIPD-REC)
- Issue 16 - Technical expertise of Recruitment Consultants, 75% of Hiring Managers claim that Recruitment consultants fail to understand the candidate specification (CIPD-REC, Recruiter, 2012 - Nicoll Curtin)

### **Empathy:**

- Issue 17 - Lack of understanding of culture/fit (APSCO)
- Issue 18 - Lack of understanding of Business Goals (APSCO & Recruiter, 2012 - Nicoll Curtin)
- Issue 19 - Don't find out enough about positions, person (APSCO)

## **SERVICE DELIVERY**

### **Reliability:**

Issue 20 - Consultant change (CIPD-REC)

### **Responsiveness:**

Issue 21 - Respond to Customer Requests (Recruiter, 2012 - Nicoll Curtin)

Issue 22 - Be Transparent (CIPD-REC)

Issue 23 - Do what Customers ask (APSCO)

Issue 24 - Prompt Service (CIPD-REC)

### **Assurance:**

Issue 25 - Technical expertise of Recruitment Consultants (CIPD-REC)

Issue 26 - 82% of Managers call for more in-depth candidate screening (Recruiter 2012 - Nicoll Curtin)

### **Empathy:**

Issue 27 - Undertake process efficiently (APSCO)

## **DELIVERY OUTCOME**

### **Reliability:**

Issue 28 - Consistent quality of candidates (APSCO, CIPD-REC)

Issue 29 - Agencies send inappropriate candidates (APSCO)

Issue 30 - 4% of Hiring Managers have confidence in the agency providing candidates of the right quality (Recruiter, 2012 – Nicoll Curtin)

Issue 31 - Don't deliver what they promise (APSCO)

## **Appendix B. Final Questionnaire Mapping Questions to Secondary Data**

## Stage 1 - CUSTOMER ENGAGEMENT

	Question	Dimension	Research issue	Designated SERVQUAL question
1	Suppliers are selected based on their documentation, demonstrating their capabilities and credentials	Tangible	SERVQUAL Q6 Issues 11,12,13	
2	Suppliers are selected based on the quality of their consultants.	Assurance	SERVQUAL Q10 Issue 3	
3	Suppliers are selected based on their Market Reputation.	Assurance	SERVQUAL Q11 Issue 7	
4	Suppliers are selected based on their respectful and tactful approach.	Assurance	SERVQUAL Q12 Issues 1,2,4,5,6 Fish <i>et al</i> (2004)	YES
5	Suppliers are selected as they have consultants that demonstrate a good knowledge of my technical specifications	Assurance	SERVQUAL Q13 Issue 8 Fish <i>et al</i> (2004)	
6	Suppliers are selected as they build good relationships before being formally engaged.	Empathy	SERVQUAL Q14 Issue 9 Fish <i>et al</i> (2004)	
7	Suppliers are selected as they can provide a pro-active solution to my resourcing problems	Empathy	SERVQUAL Q16	
8	Suppliers are selected as they understand my business needs	Empathy	SERVQUAL Q17 Issue 10 Fish <i>et al</i> (2004)	
9	Suppliers are selected based on relevant case studies and customer references	Tangible	SERVQUAL Q22 Issue 14 Elvira <i>et al</i> (2012)	

## Stage 2 -UNDERSTANDING OF REQUIREMENT

	Question	Dimension	Research issue	Designated SERVQUAL question
11	My suppliers are honest about their ability to service my requirements	Assurance	SERVQUAL Q10 Issue 15	YES
12	My suppliers have employees with the capability to understand my technical job specifications	Assurance	SERVQUAL Q13 Issue 16 Fish <i>et al</i> (2004)	
13	My Suppliers take the time to understand the ideal person fit	Empathy	SERVQUAL Q16 Issues 17,19 Fish <i>et al</i> (2004)	
14	My Suppliers take the time to understand my business needs	Empathy	SERVQUAL Q17 Issue 18 Fish <i>et al</i> (2004)	YES

### Stage 3 - SERVICE DELIVERY

	Question	Dimension	Research issue	Designated SERVQUAL question
16	My Suppliers keep me well informed throughout the recruitment process	Responsiveness	SERVQUAL Q6 Issue 22 Fish <i>et al</i> (2004)	YES
17	My suppliers identify appropriate candidates promptly	Responsiveness	SERVQUAL Q7 Issue 25	YES
18	My supplier demonstrates a willingness to help throughout the delivery process	Responsiveness	SERVQUAL Q8 Issue 21 Elvira <i>et al</i> (2012)	YES
19	My supplier demonstrates a readiness to respond to new process requests	Responsiveness	SERVQUAL Q9 Issue 23	YES
20	My supplier's employees instil confidence throughout the recruitment process	Assurance	SERVQUAL Q10 Issue 25 Elvira <i>et al</i> (2012)	
21	My suppliers' technical understanding results in a high quality of candidate pre-screening	Assurance	SERVQUAL Q13 Issue 26 Fish <i>et al</i> (2004) Elvira <i>et al</i> (2012)	YES
22	My Supplier accommodates my individual requirements and schedule when delivering services	Empathy	SERVQUAL Q14 Elvira <i>et al</i> (2012)	YES
23	My supplier accommodates my company's processes when delivering services	Empathy	SERVQUAL Q15 Issue 27	YES
24	My supplier always has my best interests at heart	Empathy	SERVQUAL Q16	YES
25	My supplier is always available when I need them	Empathy	SERVQUAL Q18	YES
26	My Supplier has an excellent database/network of appropriate candidates	Tangible	SERVQUAL Q19 Fish <i>et al</i> (2004)	YES
27	My Supplier provides CV's that are easy to read	Tangible	SERVQUAL Q22	YES

#### Stage 4 - DELIVERY OUTCOME

	Question	Dimension	Research issue	Designated SERVQUAL question
29	My supplier always delivers what they promise	Reliability	SERVQUAL Q1 Issue 31	YES
30	My supplier's selection of candidates is appropriate at the first time of asking	Reliability	SERVQUAL Q3	YES
31	My suppliers rarely send inappropriate CVs	Reliability	SERVQUAL Q3 Issue 29	
32	My suppliers provide candidates that consistently meet my specifications	Reliability	SERVQUAL Q3 Issues 28,30	
33	My suppliers consistently meet my hiring schedule	Reliability	SERVQUAL Q4	YES
34	My suppliers maintain accurate records of all transactions	Reliability	SERVQUAL Q5	YES
35	My suppliers vet candidates sufficiently	Assurance	SERVQUAL Q11 Elvira <i>et al</i> (2012)	YES
36	Even though my suppliers may not always identify a candidate I can hire, I value the service and will use the supplier again.	VALENCE	Brady <i>et al</i> (2006) Brady <i>et al</i> (2001)	

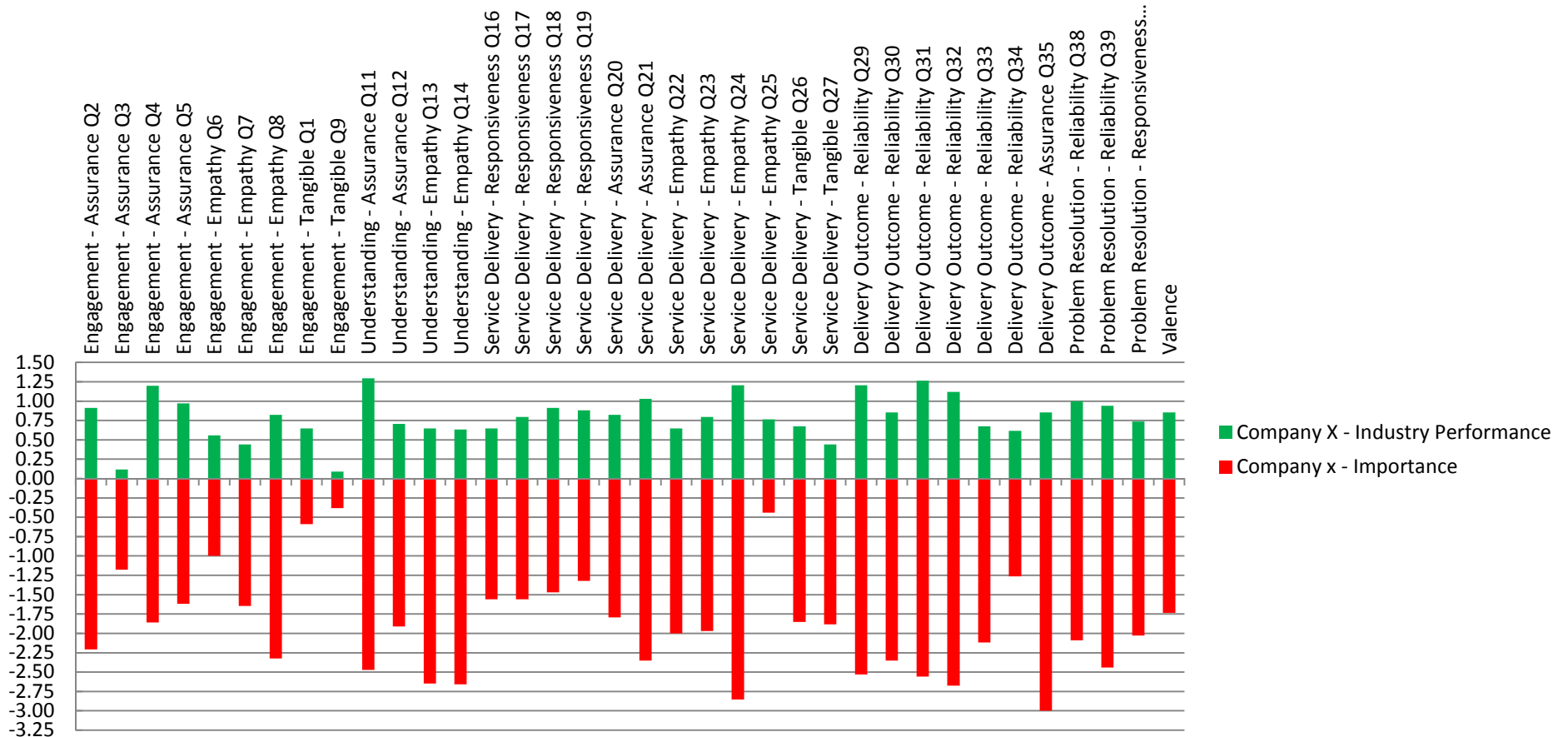
## Stage 5 - PROBLEM RESOLUTION

	Question	Dimension	Research issue	Designated SERVQUAL question
38	My suppliers are dependable in handling any problems that occur	Reliability	SERVQUAL Q2	YES
39	My suppliers give me confidence that problems will not re-occur	Reliability	SERVQUAL Q5	
40	My supplier keeps me informed as problems are resolved	Responsiveness	SERVQUAL Q6	

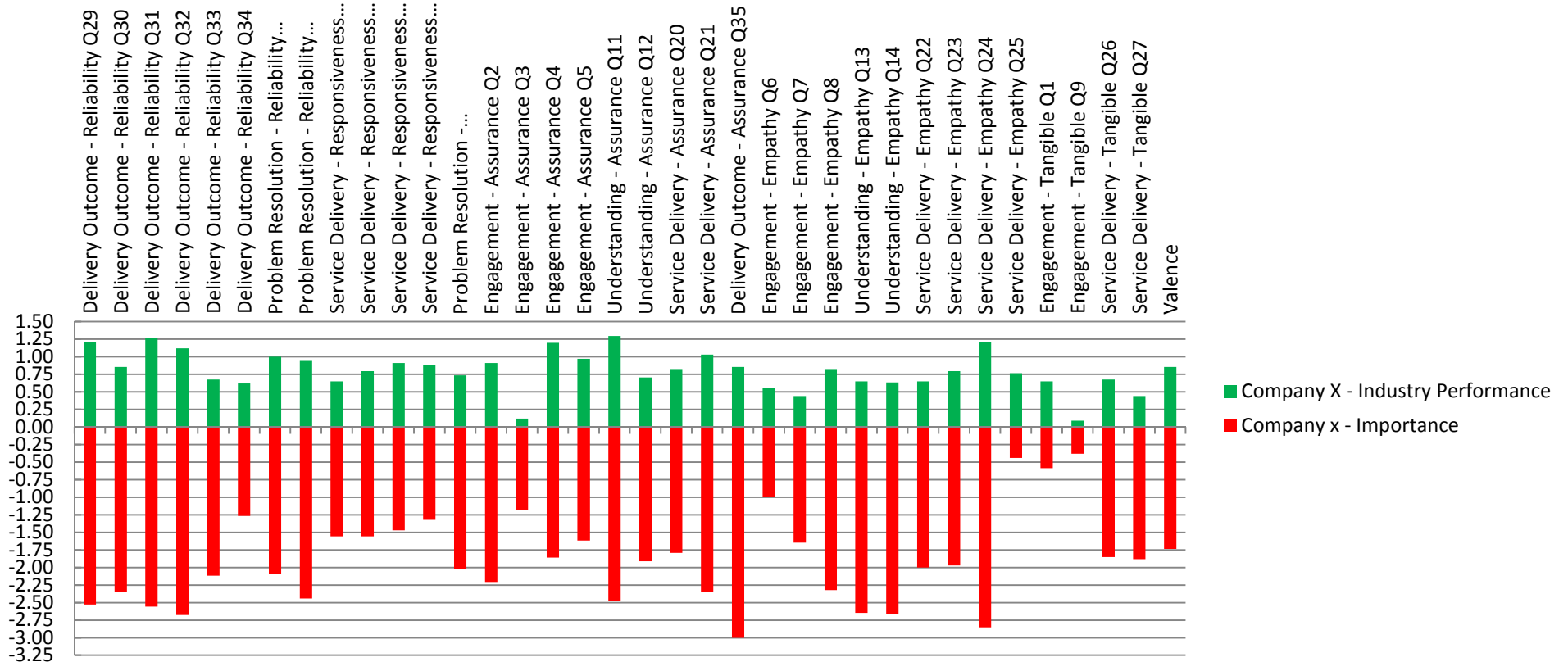


## **Appendix C. Graphical Representations of All Questionnaire Results**

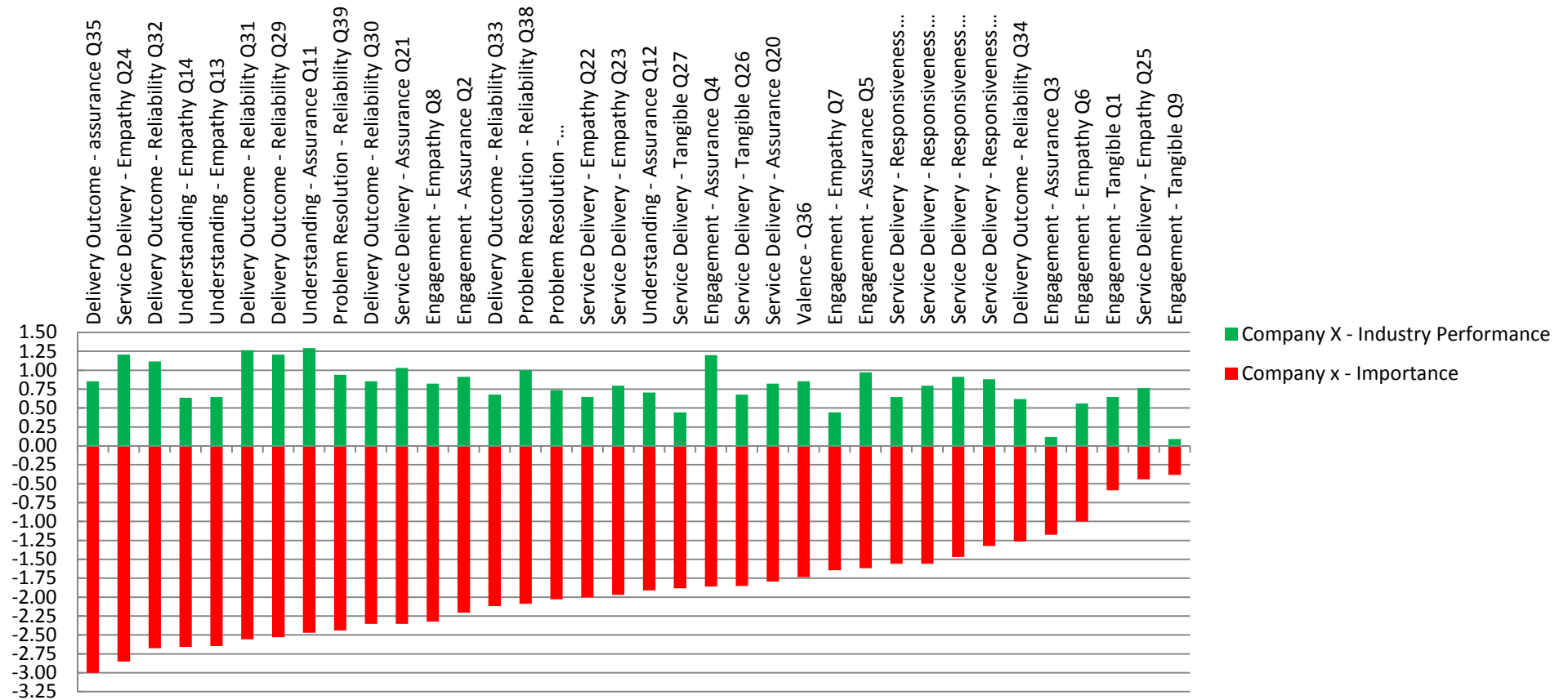
## Difference between Company X performance and Perception of Importance in Customer Relationship Lifecycle Order



## Difference between Company X performance and Perception of Importance in RATER Dimension order

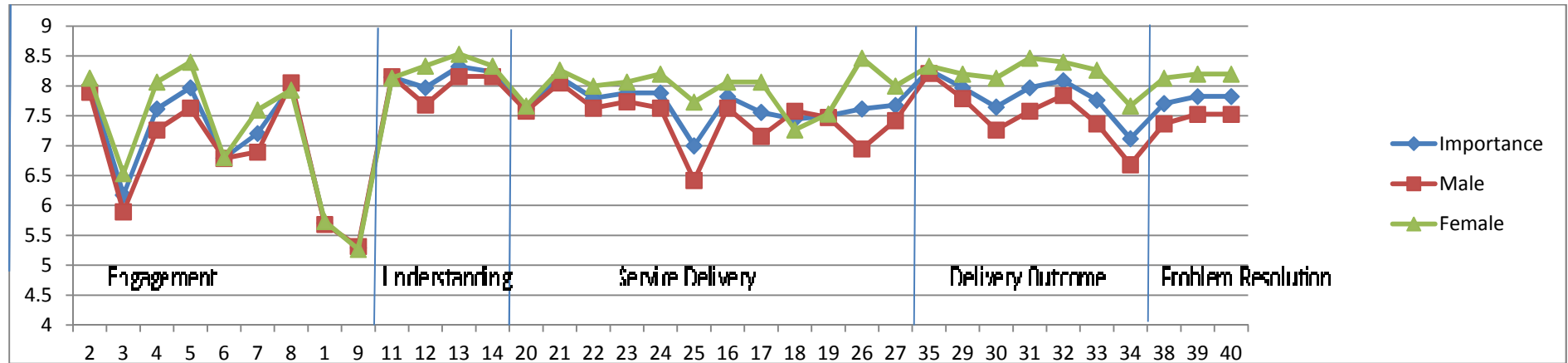
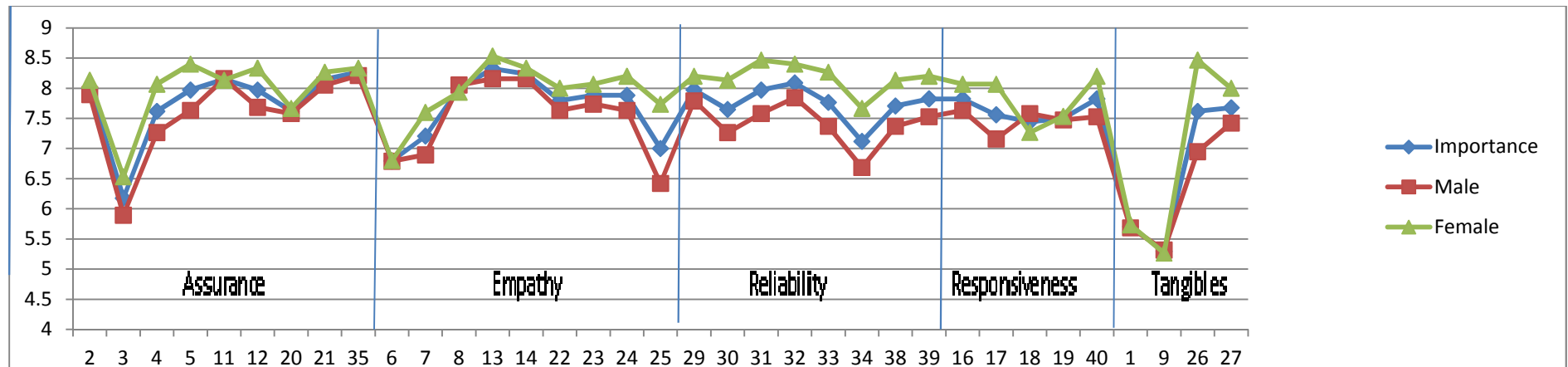


## Difference between Company X performance and Perception of Importance in Order of Greatest Importance Difference



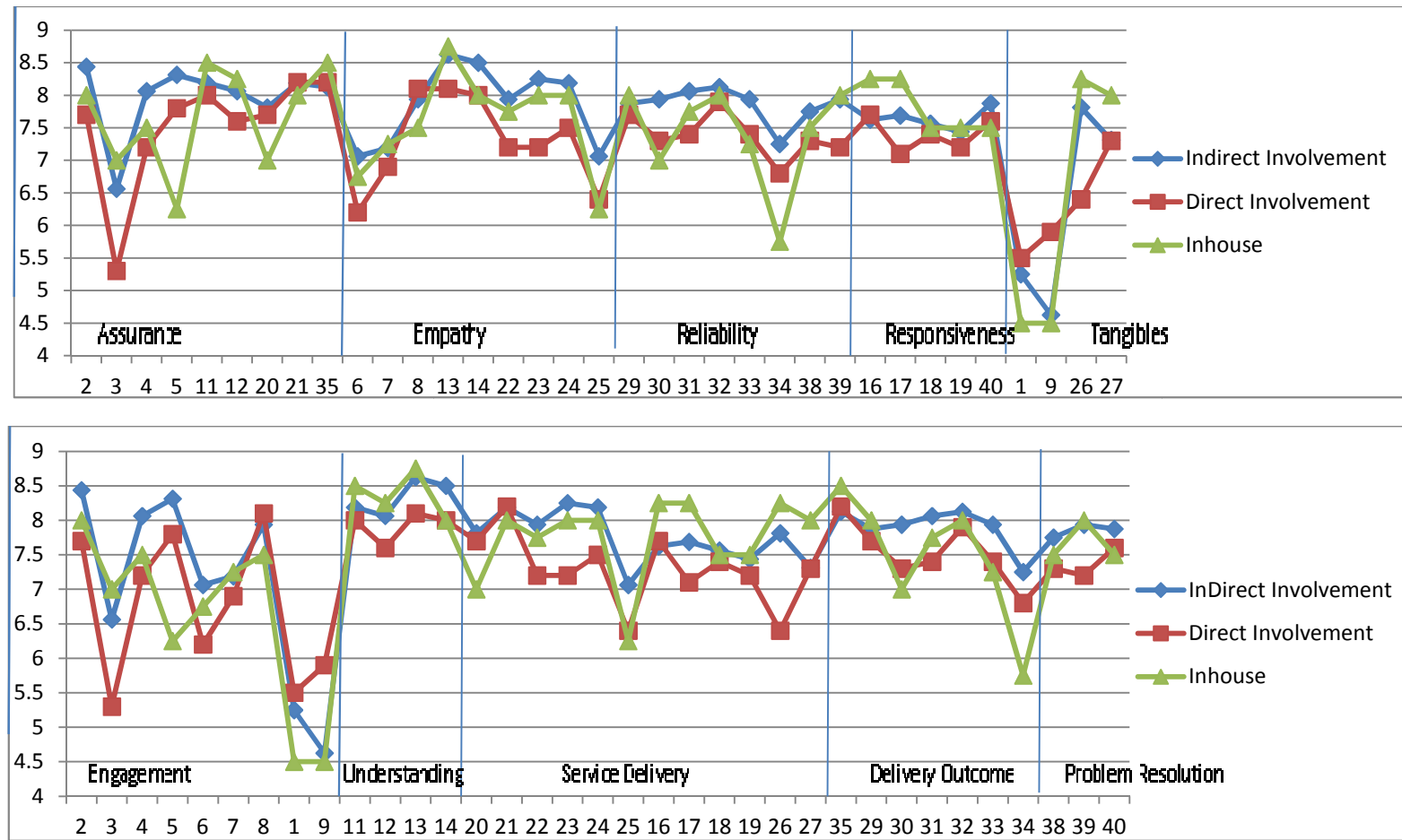
## **Appendix D : Graphical Representation of Profiling Results**

### Appendix D.1: Importance - All Questions (Gender)



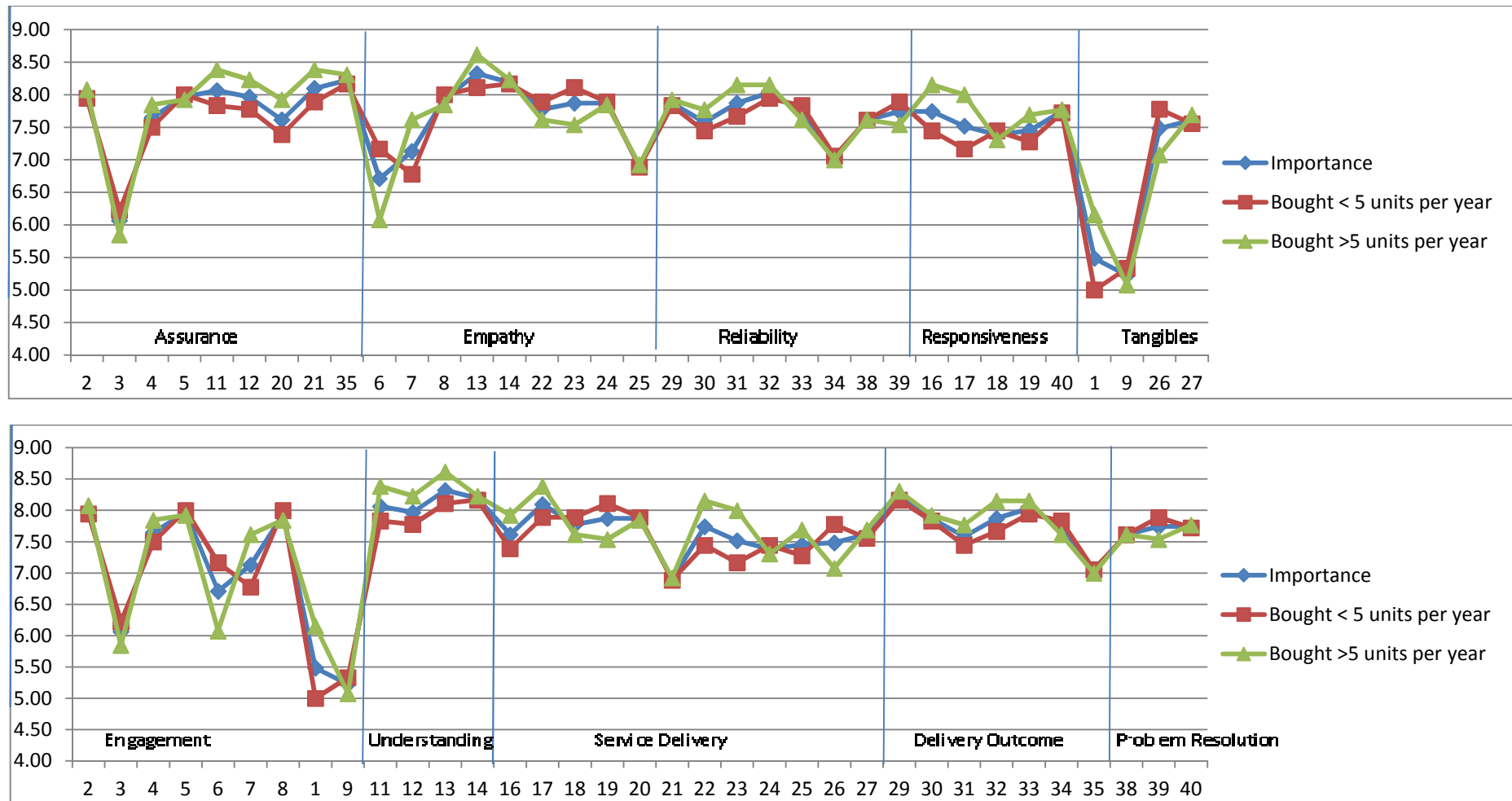
Graph D.1: RATER Dimensions and Customer Relationship Lifecycle graphs split by Gender  
Male n= 19, Female n= 15, All n=34

Appendix D.2: Importance - All Questions (Role Involvement)



Graph D.2 RATER Dimensions and Customer Relationship Lifecycle graphs split by Customer Role Involvement  
Direct Involvement n=10, Indirect Involvement n=16, In-house n= 4

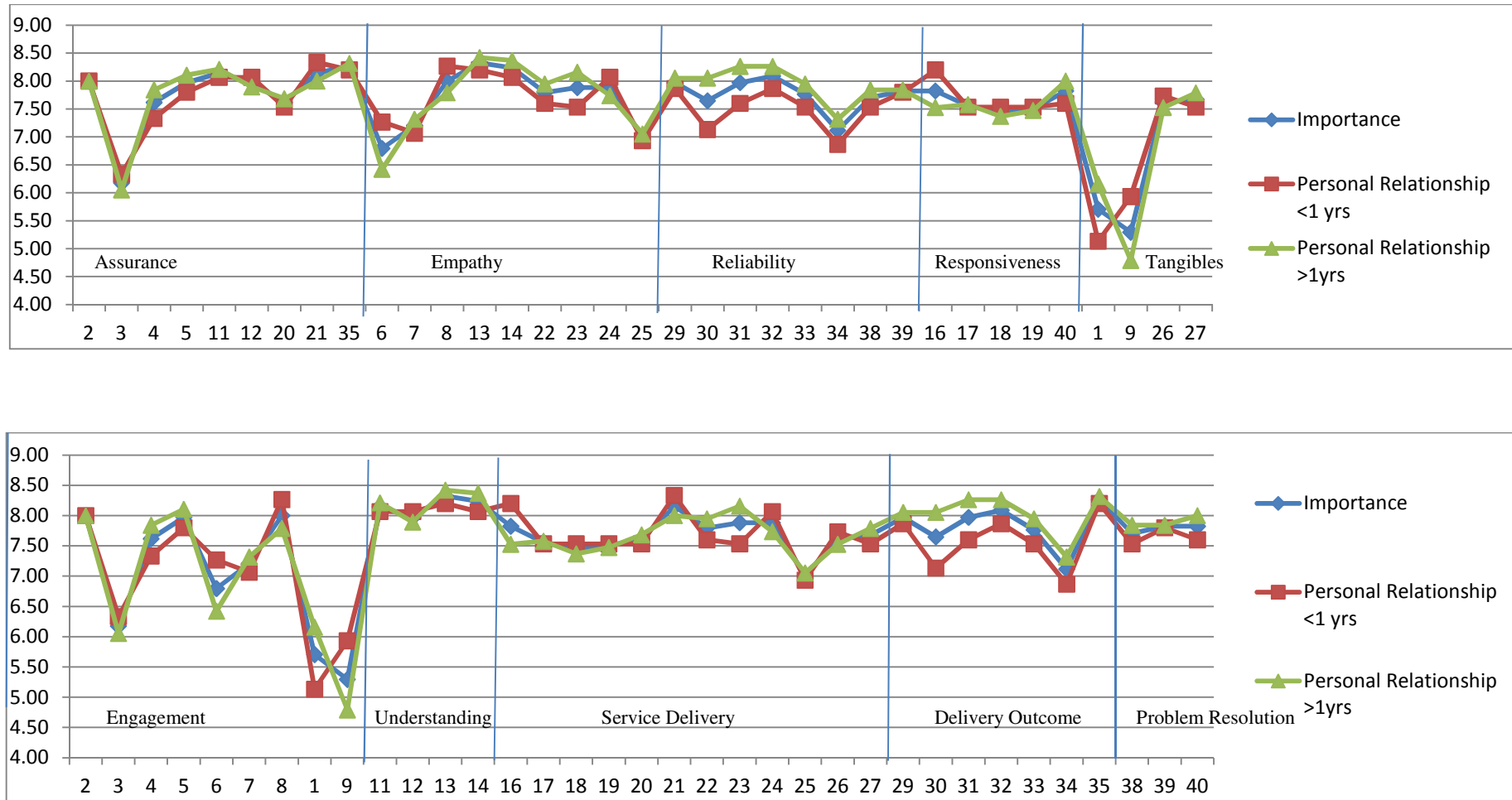
Appendix D3: Importance - All Questions (Buying Volume)



Graph D.3: RATER Dimensions and Customer Relationship Lifecycle graphs split by Buying Volume  
Lower Volume Buyer n= 18, Higher Volume Buyer n=13, All n=31

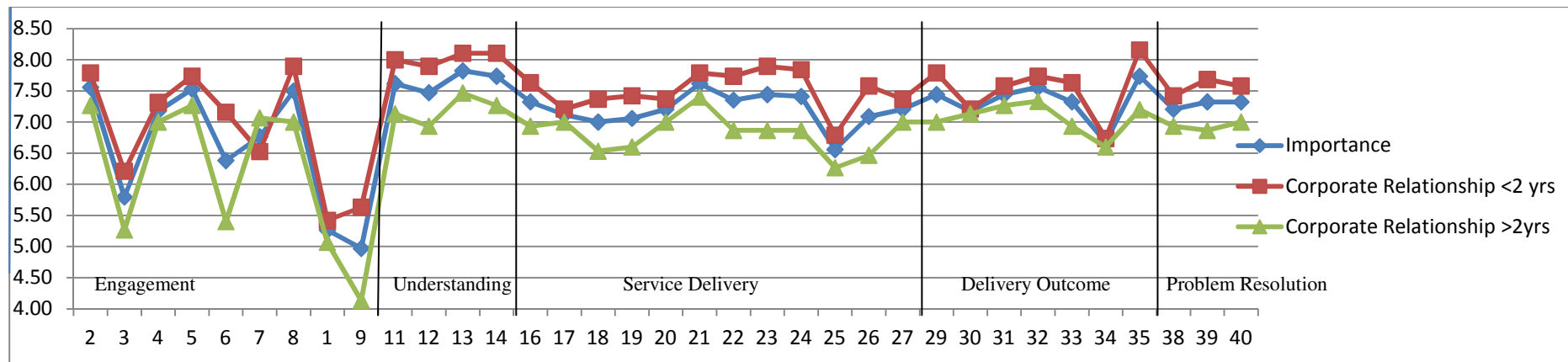
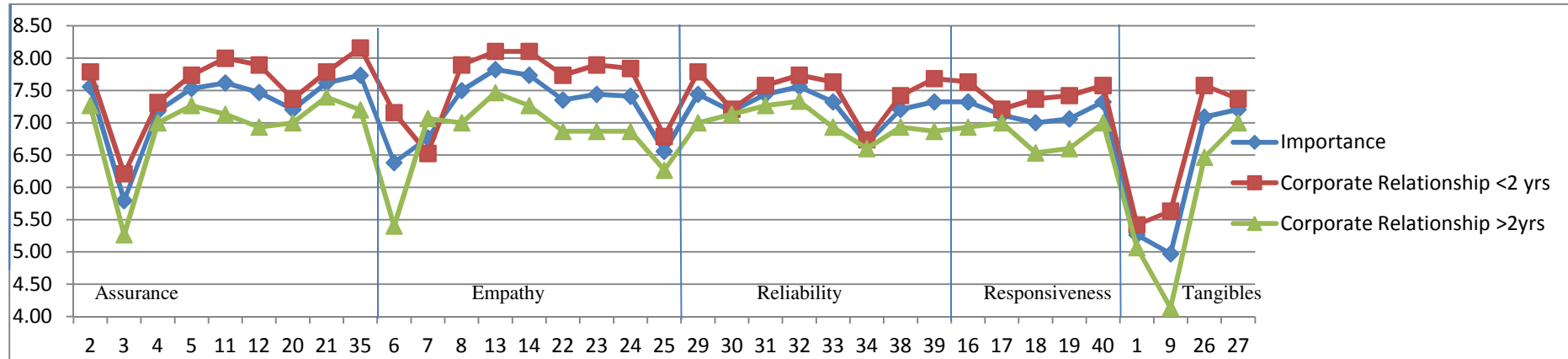


#### Appendix D.4: Importance - All Questions (Personal Relationship)



Graph D.4: RATER dimensions and Corporate Relationship Lifecycle graphs split by Personal Relationship durations, Less than 1 year n=15, Greater than 1 year n= 19, All n=34

### Appendix D.5: Importance - All Questions (Corporate Relationship)



Graph D.5 RATER and Customer Relationship Lifecycle graphs split by Corporate Relationship duration

Less than 2 year n=19, Greater than 2 years n= 15, All n=34

## **APPENDIX E: Survey Monkey Questionnaire**